BUSINESS WEEK

Company Plane



Russell L. Kelce: . . . tops in soft coal strip mining (page 98)

SEPT. 27, 1952





THE TELEPHONE CENTER at Camp Gordon, Georgia. This is one of more than a hundred such centers at military camps and naval bases throughout the United States. They are provided by telephone companies to assist service men and women with Long Distance calls.

They're Home Again by Telephone

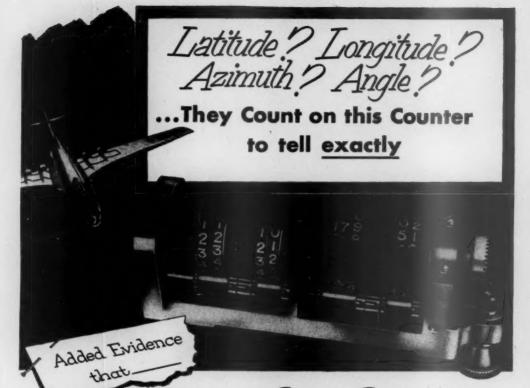
"Hello, Mom! I'm OK." These are precious, priceless words—spoken thousands of times a day by our men in uniform.

Wherever they go or whatever they do, the telephone is their link with home. Over it go the voices of loved ones, the cry of a baby, the news that all is well. That's why providing attractive, comfortable telephone centers at army camps and naval bases is such an important and heart-warming part of the work of the Bell System.

We like to have soldiers say, as one did recently—"It makes a guy feel good to know he can call home and be treated nice while doing it."

BELL TELEPHONE SYSTEM





eryone Can Count on EDER-ROOT

Aerial navigators and bombardiers rely on the figures that keep turning up on this Veeder-Root Counter, specially designed for the Armed Forces. And if you need to know exactly where you are, with any product or mechanism that's vital to Defense, then you can

count on Veeder-Root to help you, to the utmost limits of ability . . . and of available capacity. Write:

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BUSINESS WEEK . SEPT. 27 . NUMBER 1204





4ere's Comfort

for a Cold Wisconsin Winter

. . , with Tru-Perimeter Heating. Outside walls, including picture window areas, are evenly warmed with Forced Hot Water Webster

Baseboard Heating.
... with Solar Heating. Heat can be shut off completely on a sunny winter day. No hect lag.

Following the advice of a University of Wisconsin heating engineer, the D. J. Reppens had Webster Baseboard Heating installed in their new home in 1950-51.

Here's why the Reppens like Webster Baseboard Heating: (1) Comfort . . . "Floor to ceiling temperatures vary only 3 degrees. This means good fuel economy." (2) Solved Solar Heat Problem . . .

Warms large window areas. (3) Cleanliness . . . "I don't think a cleaner heating system can be installed."

(4) Inconspicuousness . . . no interference with draperies or furniture.



Let us give you full details about Webster Baseboard Heating - for new homes or modernization. Call your Webster Representative or write us.

Address Dept. BW-9 WARREN WEBSTER & CO.



A nontechnical report to management concerning profits

They did what you can do to make money

To turn down time into productive time is one place management can look to for added profits.

A leading coal company, engaged in strip mining, needed an electrical shovel that would move more than a million cubic yards of earth per month. One that could maintain round-the-clock operation with minimum down time.

Together with the shovel manufacturer, Westinghouse creative engineers had developed a complete electrical system and a series of drives that would stand up under the most rigorous operating conditions. The result of the shovel's operation is typified by the coal company's comments:

"We all recall the moving of a million and a half cubic yards of earth in one month. (A world's record.) The monthly average for the year was well over a million cubic yards."

This same *creative engineering* applies to every industry, every manufacturing process. It is a part of the total Westinghouse services you can use to your profit . . . for application, installation, emergency or periodic maintenance.

We want to do the kind of planning with you that will apply these engineering services to your problem . . . to save time, to save money, to make money, to produce more with what you have. Westinghouse Electric Corporation, Pittsburgh, Pa.

Westinghouse



This Underwood Sundstrand

It's like having



Model E is So easy, so automatic! gs in your finger tips

-Make this Investment in Efficiency!

Wings in your finger tips? Yes! and you'll feel as though you had brains in them, too . . . because the Model E has a mechanical brain . . . a control plate that directs automatic operations. A mechanical brain that enables you to speed work, cut errors, save time, money, effort!

And don't forget the touch-operated Sundstrand 10-key keyboard. So easy to operate!

Talk about flexibility! With this machine you can post a variety of records and do all kinds of miscellaneous adding-figuring work, too.

You can't help being enthusiastic about this low-cost, all-purpose Model E Accounting Machine, once you've tried it!

The Underwood Sundstrand Model E is really a wonderful buy!

See it demonstrated! Mail the coupon or call your Underwood Representative today.

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READERS REPORT

Sky Tourist Pioneers

Dear Sir:

your article "Airline Business: How Big Can It Get?" in the Aug. 30 issue (page 94). It was a good article, and in general it states correctly the strategic problem of the airlines. However, I beg leave to comment on two statements:

You state that an airplane costs about as much to fly with 4¢-a-mile passengers as with 5.5¢-a-mile passengers. This is true, but the important measure is cost per seat mile, not cost per plane mile...

PRESIDENT
TRANS WORLD AIRLINES, INC.
NEW YORK, N. Y.

Roped In

Dear Sir:

Your article "United Fruit Co.'s Plantations Yield Hemp for the U.S. Navy" [BW-Aug.30'52,p78] . definite news to those interested in rope or cordage but also confusing in your continued reference to "hemp" as produced from a planted acreage of abaca. Commercial ropes are made from: abaca (Musa textilis), the long fibers in the stems of a banana-like plant, known in the trade as "Manila"; sislana (Agave sisalana) and heneguen (Agave fourcroydes), the long fibers from the fleshy leaves of a plant most Americans would call a century plant; hemp (Cannabis sativa), the long fibers from the bark of an annual leaved plant also grown as a source of bhang and hashish used as narcotics; and sometimes cotton and jute fibers. "Manila" rope is the com-mon standard rope, having high tensile strength, elasticity and resistance to abrasion and is made from abaca, not hemp. It is called a hard fiber rope. "Hemp" rope was the common standard rope before the introduction of abaca and was the old-time rigging rope of sailing ships. Its use today is relatively small. It is called a soft fiber rope.

BUSINESS WEEK . Sept. 27, 1952

How U. S. Rubber keeps the Dodgers hot



The heat's really on the Dodgers these days. In their Ebbets Field dugout, electrical radiant heating panels serve as their bench backrests. Eight of these U.S. Rubber USKON panels were recently installed to remove the chill on cold days and nights.

Every day, "U.S." finds new uses for this easier, healthier, cleaner method of heating... from special installations like the one in Ebbets Field to the more usual home and business applications. As your lead electrical con-

Every day, "U.S." finds new uses for this easier, healthier, cleaner method of heating... from special installations like the one in Ebbets Field to the more usual home and business applications. Ask your local electrical contractor how simple Uskon is to install. Or write to address below for any problem in heating. You will receive full facts about how Uskon saves time, eliminates the drudgery usually found with all other heating systems.





No more chilled backs and arms in the Dodgers dugout Uakon panels provide steady, adjustable radiant heat. Roy Campanella and Duke Snider are checking efficiency after installation.

UNITED STATES RUBBER COMPANY

MECHANICAL GOODS DIVISION . ROCKEFELLER CENTER, NEW YORK 20, N. Y.



The J. L. Hudson Company of Detroit provides customers many shopping conveniences including Cotton Towels*

Shopping is a pleasure in a store like Hudson's that prides itself on service and courtesy. That's why The J. L. Hudson Company is the mecca for shoppers for miles around Detroit—all over the world, too. Their customers know they are sure to find here a wider selection of the merchandise they want.

Hudson management has provided every comfort and convenience for customers of the world's second largest department store. For instance, all Hudson rest rooms are supplied with plenty of soft, absorbent cotton towels. You can be sure their customers appreciate the extra comfort these soft, absorbent cotton towels provide in freshening up. Hudson employees, too, enjoy the greater comfort afforded by cotton towels.

Whatever your towel problem . . . whether you operate a retail store, factory, institution or office . . . you can be sure cotton towels will . . . • promote customer goodwill and improve employee relations • cut maintenance costs . . . reduce fire hazard • keep your washrooms cleaner and tidier • increase cleanliness and sanitation among your employees.

Local service is listed in your classified book under SERVILINEN, LINEN SUPPLY OF TOWEL SUPPLY.

For free booklet that tells how cotton towel service will save you money, increase sanitation, efficiency, write Fairfax, Dept. B, 65 Worth St., New York 13.

Clean Cotton Towels...

Sure Sign of Good Management

Fairfax-Towels

A PRODUCT OF WEST POINT MANUFACTURING CO.
WELLINGTON SEARS CO., SELLING AGENTS, 65 WORTH STREET, NEW YORK 18

competitors in ropes made from synthetic fibers, particularly n-lon. Compared to Manila, nylon ropes have nearly twice the tensile strength, about three times the working elasticity, and greater durability under flexing and surface wear.

TOM A. ALLEN

PROJECT ENGINEER
ATLAS CONSTRUCTORS
NEW YORK, N. Y.

Profit Control

Dear Sir:

The article entitled "Profits Grope for a New Norm" [BW-Aug.2'52,

p27] is very interesting.

Many manufacturers are not aware of the effect of their cost accounting systems on "profits" when comparing the results of two operating periods in which there have been changes in the relationship of sales and production volumes. The apparent discrepancy can be corrected by charging off the fixed or constant costs in the period in which they occur; thus including only the direct or variable cost in the inventory. This practice is continuing to gain more and more favor among the larger manufacturers. When the product costs are figured in this manner, management has a most potent tool for selective selling, pricing, profit planning and profit control.

H. V. W. Scott

PARTNER STEVENSON, JORDAN & HARRISON, INC. NEW YORK, N. Y.

MIT Tubes

Dear Sir:

The article on the MIT milling machine control on page 46 of the Aug. 30th issue is very interesting but why do the engineers at MIT have to use 250 electronic tubes and 175 relays to operate a milling machine automatically? I am a graduate of MIT (1923) and, several years ago, I designed, built, and operated an automatic milling machine control which would cut out any shape in three dimensions, with only 9 tubes. This control was synchronized by a tape which controlled three special motors which I had to design for the job. These motors moved in steps and had many features superior to the Selsyn. They never ran away and maintained synchronism at all times. The accuracy was set at 0.0005 in.

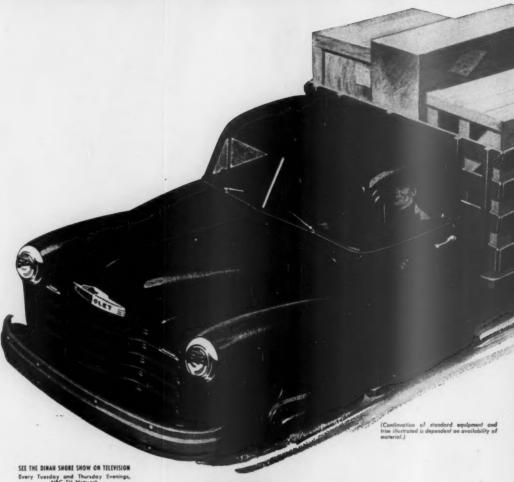
The above control can also be used for countless other applications, both civilian and military. I thought that you might be interested in knowing of this prior control.

A. G. THOMAS

INDUSTRIAL RESEARCH INSTITUTE UNIVERSITY OF CHATTANOOGA CHATTANOOGA, TENN.



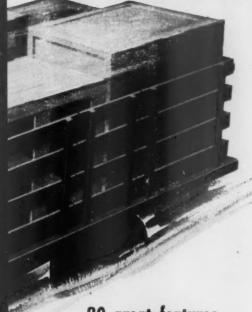
Here's what it takes



Every Tuesday and Thursday Evenings, NBC-TV Network



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20 great features

that save you money

VALVE-IN-HEAD ENGINE: The right power for your job-plus economy in the Loadmaster or the Thriftmaster engine. BLUE-FLAME COMBUSTION: High efficiency combustion chamber squeezes all available power from fuel.

all available power from fuel.

POWER-ET CARRUBETION: Meters the flow of fuel to meet exact requirements of engine load and speed with 2-way controlled lenution.

FULL-LENGTH-JACKET WATER COOLING: Water jackets completely surround each cylinder for more complete cooling.

SPECIALIZED 4-WAY LUBRICATION: Provides 4 special types of lubrication

to lengthen engine life.

SYNCHRO-MESH TRANSMISSION: Quick, quiet, safe shifting-eliminates

DIAPHRAGM SPRING CLUTCH: One single-disc spring provides positive

HYPOID REAR AXLE: Lowers tooth pressures, stronger tooth section gives

EXTRADLE-MOUNTED PINION: Maintains better gear alignment, better tooth contact on medium- and heavy-duty models.

SINGLE-UNIT REAR AXLE HOUSING: No bolts, no joints; tubular beam construction to withstand heavy loads.

FULL SIZE REAR AXLE INSPECTION PLATE: Saves time and trouble on in-

SPLINED AXLE-TO-HUS CONNECTION: Driving splines mate directly with wheel hubs on heavy-duty models. No bolts to loosen or permit oil leaks.

BALL-GEAR STEERING: Free rolling steel balls between worm and nut cut "TWIN-ACTION" HEAVY-DUTY REAR BRAKES: Two cylinders in each brake,

"TORQUE-ACTION" LIGHT-DUTY BRAKES: Make full use of truck momentum

BONDED BRAKE LININGS: Rivetless linings on light- and medium-duty models BATTLESHIP CAB CONSTRUCTION: Each cab is a double walled, all-welded

steel unit of great strength.

FLEXI-MOUNTED CAB: Minimizes vibration and driver fatigue.

HEAVY-DUTY CHANNEL TYPE FRAME: Deep channel-section side rails give

UNIT-DESIGNED BODIES: Floors, tops, sides built as separate matching units for greater strength and safety. Widest color choice at no extra cost.

America's first choice for over ten straight years. Chevrolet trucks have what it takes for all-around truck leadership-and truck owners know it! They buy more Chevrolet trucks than any other make. Here are some good reasons why:

First, Chevrolet trucks are engineered from the road up to give extra years of rugged and reliable service. They are the only trucks with all the 20 great features listed here that mean finer performance at lower cost.

What's more, every truck owner knows that pennies count in successful truck operation. Right from the start, you save with Chevrolet trucks-they list for less than other makes with comparable specifications. And Chevrolet trucks traditionally command a higher trade-in allowance, percentage-wise, when the time comes for replacement.

Get the full story of how Chevrolet trucksfactory-matched to your payload-can save you money. Stop in and see your Chevrolet dealer soon. Chevrolet Division of General Motors, Detroit 2, Michigan.

For 10 straight years—

America's first choice in trucks

The record proves it-for the last 10 straight truck-production years, Chevrolet trucks have been in first place, preferred by more truck buyers than any other make!



a new kind of office... ... the TECHNIPLAN original engineered MODULAR office!

IT TELLS HOW you can station more workers in the same amount of floor space . . .

... how you can give them *better* working facilities, comfort, and speed ... to produce increased work output with fewer motions, less fatigue.

YOU CAN ELIMINATE bottlenecks and congestion by straightening your flow of work—and keep it straight as conditions change.

And you can present a proud, modern appearing office to the eyes of all—customers, prospects, and workers alike.

G/W TECHNIPLAN office equipment, and 4000 other aids to good business, are sold and serviced by G/W dependable dealers, listed in your classified 'phone book under "Office Equipment."

This new Steel TECHNIPLAN Catalog tells about the most significant advance in office operating equipment in several decades. It's yours by request on business letterhead.

GLOBE-WERNICKE

Engineering Specialists in

Office Equipment, Systems

Cincinnati 12, Ohio

In BUSINESS this WEEK ...

• Depression . . .

ready for. Sewell Avery has seen to that. But the getting ready has cost the big mail order house plenty. P. 60

· Spoils . . .

... will be relatively scarce in Washington next January, whoever wins the election. With Civil Service, you can't "throw the rascals out" wholesale. Here's the picture in the agencies businessmen deal with.

P. 84

· Magnificence . . .

... was the word for Saratoga's huge Grand Union hotel. Its going marks the end of a great era. P. 90

· Absolute Zero . . .

temperatures. But already production men are using low temperatures—minus 300F or more—in machining and treating metals—and in many other operations. P. 121

• Fortunes . . .

to U.S. businessmen, success stories are being spelled out in detail in San Francisco this week. Here's how they go.

P. 146

· Incomes . . .

the steel strike's effects built up. But BW's reporting on trends in regional income shows an upturn since. P. 158

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and Visible Records

SINEWED FOR EXTRA STRENGTH WITH DU PONT "CORDURA"!

3-inch belt replaces standard-type leather belt . . . shows no slippage . . . no stretch!

Thin cords of Du Pont CORDURA* High Tenacity Rayon placed between laminations of leather in the 3-inch belt pictured here add virtually stretch-free strength to leather's natural hold.

Engineers find that belts reinforced with this Du Pont yarn permit more power per inch of belting, require fewer take-ups, less maintenance.

You'll find "CORDURA" in an ever-widening variety of products today . . . the unseen component that makes truck tires stronger and safer at high speeds, hoses lighter yet tougher, conveyor belts more flexible, with better troughability.

Find out how "CORDURA" improves products you use, and may also improve products you make. Send the coupon for the free booklet "Sinews for Industry."

PRES. U.S. PAT. OFF.

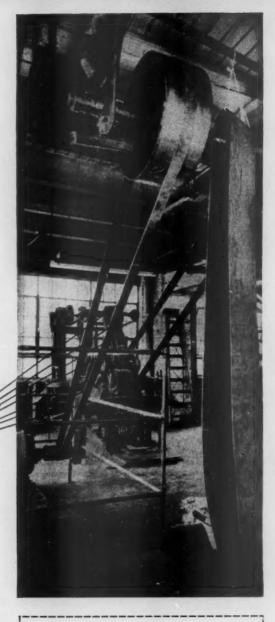


HIGH TENACITY RAYON



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BETTER THINGS FOR BETTER LIVING . . . THROUGH CHEMISTRY



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Please send me th	ne free booklet "Sinews for Industry."
Name	Company
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These huge natural gas engines, about 40 to a room, drive the generators, furnishing all the electricity used by Alcoa to produce 170,000,000 pounds of aluminum in this plant yearly.

800 BOXCARS OF AIR

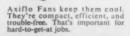
Down at Point Comfort, Texas, a new kind of power plant was built a few years ago. 120 engines, running on natural gas, drive huge electric generators. Their job: to supply the current to smelt defense-needed aluminum. One of the biggest problems, though, was to keep the equipment running cool and thus at top efficiency.

120 Westinghouse Axiflo® fans did the trick. Each draws 12,000 cubic feet of air through the generators every minute, picking up the excess heat. Then the air is piped through concrete ducts and out exhaust stacks which line both sides of the building.

Now Alcoa has just expanded this power plant. They have installed 74

new engines—and Westinghouse has supplied 74 more Axiflos. All in all, the 194 fans will move over 2,300,000 cubic feet of cooling air through the generators every minute. That's enough air to fill a trainload of 800 boxcars!

One day—today or in the near future—you may have a problem that involves putting air to work. When you do, remember that Westinghouse has the most complete air conditioning, air cleaning and air handling line in the industry. See the new Catalog 600. It contains 60 fact-filled pages on products, uses, and helpful data. To get your free copy, just call your local Westinghouse-Sturtevant office. Or, write to Westinghouse Electric Corporation, Sturtevant Division, Hyde Park, Boston 36, Mass.





Cooling-air drawn through the engine generators picks up the intense heat, then safely exhausts it through individual stacks.

YOU CAN BE SURE ... IF IT'S Westinghouse

TUNE IN ON HISTORY! Only Westinghouse brings you complete coverage of political campaign over CBS television and radio. AIR HANDLING

BUSINESS OUTLOOK

BUSINESS WEEK SEPTEMBER 27, 1952 When you look at the new cost-of-living figure (page 142) and hear how food prices have pushed it up again, don't blame the farmer.

His prices haven't risen. There's no parity escalator here. The escalation, as in so many cases, is in the cost of labor.



America will pay \$40-billion this year for farm-grown foods.

Out of your food dollar, the farmer now gets 48¢. His best postwar take was 53¢ (mid-June, 1946), his poorest 46¢ (mid-June, 1950).

Processors and distributors get the other 52¢—and, of that, a little better than half represents what they pay labor.

Hourly earnings in food marketing have risen less rapidly than in all industry. Yet they are 150% higher than the 1935-39 average.

There have been gains in productivity, to be sure. Labor costs per unit are up only 110% against that 150% rise in hourly earnings.

And marketers have raised their efficiency. Their total costs, including the 110% boost in unit labor, have risen only 75%.

Transportation, as a marketing factor, has climbed a little more steeply even than labor. But it's only a fraction of the wage bill.

In 1952, transportation will add less than \$2½-billion to the nation's food bill; labor will add close to \$11-billion.

Your family market basket—the average quantity of food products bought each year by a family of three—was at a record \$750 rate at midyear. That was \$97, or 14%, higher than pre-Korea.

In the first few months of shooting in Korea, the big rise was in farm prices. But, since February, 1951, these prices have gone down.

But wages have gone up, accounting for almost all the recent creeping rises in food costs. That has raised the cost of living—which, in turn, starts wages rising again.

After paying \$20-billion to farmers and \$13-billion for labor and transportation, marketers will have about \$7½-billion left to meet all other costs, pay taxes, and take a profit.

Congress is checking into the cost of marketing food—obviously aiming to increase the farmer's cut in the consumer's food dollar.

To do it, the lawmakers apparently will have to build higher platforms under farm prices themselves.

Obviously, they aren't going to try to pull down pay scales. And transportation rates have moved only one way since the war.

Little can be squeezed out of the manufacturer, wholesaler, or retailer.

Profits of food manufacturers aren't much to shout about—or for Congress to shoot at. Latest Federal Trade Commission figures show their net after taxes was 2.4% of sales in 1951, down from 3½% in 1950.

You just can't win against inflation—at least most people can't.

The latest results of the Federal Reserve Board's survey of consumer

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK SEPTEMBER 27, 1952

finances are out this week. FRB shows that despite the large gains in incomes since the end of the war people are no better off now than they were then.

Here are some of the highlights of the survey:

Since 1946 real income has not changed much. The gains in incomes after taxes have just about been wiped out by increases in the cost of living.

Only the middle income production workers—mostly unionized—improved their position as regards real income. All others, both at the lower end and the top of the scale were worse off relatively.

About one-half of the 53-million spending units in the U. S. received more income in 1951 than they did the year before.

In the postwar period, the skilled and semi-skilled worker has fared relatively best on wages. In 1946 his average income was \$2,820. In 1951 it was \$3,970—a 41% increase.

Comparatively, the managerial and self-employed did not do so well. Their average income rose from \$5,920 in 1946 to \$7,100 in 1951—an increase of only 20%.

Worried about the heavy load of consumer debt? Here's something else to add to your worries: About 50% of all families owe non-mortgage debt—mostly for consumer goods.

If you want any further confirmation of the pickup in the consumer goods lines, look at what's happening in TV.

Production of TV sets was way off for the past year-and-a-half—worse than for most consumer items.

Now, all of a sudden, demand is picking up fast. Robert C. Tait, president of Stromberg-Carlson, says there will be a shortage before Christmas. And Admiral has upped prices a bit.

The labor market is tighter than most people realize.

In mid-August, before industry could fully recover from the steel strike, manufacturing employment was only a bit under the post-war high.

Even before the month of August ran out, state unemployment compensation claims dropped to a new postwar low.

Some firms are a little puzzled about the outlook for their products. But hardly anyone is as confused as the zinc producers.

Lately zinc prices have been going up and down like a yo-yo.

As soon as the price gets up to $14\frac{1}{2}e$ (ceiling price $19\frac{1}{2}e$) someone figures that there is too much on hand and production is outrunning use. Prices promptly dip to $13\frac{1}{2}e$.

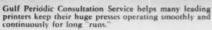
Producers just can't seem to gauge the requirements for the metal.

The erratic price movement in zinc has made the other major non-ferrous producers nervous.

The lead market outlook is a little shaky at 16¢ (ceiling price 19¢).









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Makes soft jobs out of tough nuts

AFTER hundreds of flight hours, the propeller retaining nut that holds an airplane propeller on its shaft often "Freezes". Loosening it used to be an hours-long job. Hand wrenches were trined in the process. Sometimes the nut had to be cut off.

Then someone thought up a hydraulic propeller retaining unt torque wrench. It enabled one man to apply as much as 5,000 pounds feet of torque on the nut—10 times the force he could exert with a 3-hot bar.

But the problem was to develop a wrench socket that would stand up under this

pressure. In service, the socket was apt to break or twist out of shape. During the necessary heat treating, it often became distorted and had to be scrapped.

Kell-Strom Tool Company, Inc., of Wethersfield, Connecticut, manufacturers of aircraft propeller tools, took the problem to metallurgists of the Timken Company. After careful study it was recommended that the socket be made from 52100—a Timken fine allow steel.

Kell-Strom tried it, found that sockets made from Timken 52100 steel tubing greatly increased the life of the tool. There was less breakage or twisting out of shape. Because 52100 could be heat treated before machining, distortion and scrap was reduced to a minimum. And due to 52100's fully spheroidized structure, the splines of the socket were easier to machine.

This is only one of the many tough problems stamped "Solved—by Timken Alloy Steel". If you have any tough nuts that need cracking, why not let us help you. Write The Timken Roller Bearing Company, Steel and Tube Division, Canton 6, Ohio, Cable address: "TIMROSCO". Tapered Roller Bearings, Alloy Steels and Seanless Tubing, Removable Rock Bits.





TIMKEN Fin. Alloy STEEL

1

SPECIALISTS IN FINE ALLOY STEELS, GRAPHITIC TOOL STEELS AND SEAMLESS TUBING

FIGURES OF THE WEEK

1923-25=100			192	23-25=10	
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	§ Latest	Preceding	Month	Year	1946
Business Week Index (above)	*248.0	†246.0	239.9	230.1	Averes
business week mack (250.0)	. 240.0	1240.0	239.9	250.1	1/2
PRODUCTION	,				
Steel ingot production (thousands of tons)	2,125	2,115	2,069	2,041	1,28
Production of automobiles and trucks.	142,494	1137,295	109,588	135,015	62,88 \$17,08
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$41,401 7,725	\$42,998 7,654	\$92,107 7,718	\$39,876 7,014	4,23
Electric power output (millions of kilowatt-hours)	6,514	6,461	6.283	6,298	4.75
Bituminous coal production (daily average, thousands of tons)	1,971	+1,825	1,650	1,820	1,74
TRADE					
Carloadings: manufactures, misc., and l.c.l. (daily av., thousands of cars)	81	. 78	74	- 80	8
Carloadings: all other (daily av., thousands of cars)	66		60	62	
Department store sales (change from same week of preceding year)	-1%	-1%	+2%	-10%	+309
Business failures (Dun and Bradstreet, number)	145	91	154	160	21
PRICES					
Spot commodities, daily index (Moody's Dec. 31, 1931 = 100)	426.4	425.4	431.8	457.0	311.
Industrial raw materials, daily index (U.S. BLS, Aug., 1939 = 100)	270.0	269.4	268.3	308.4	198
Domestic farm products, daily index (U.S. BLS, Aug., 1939 = 100)	343.9	345.0	354.2	341.7	274
Finished steel composite (Iron Age, lb.)	4.376¢	4.376e	4.376¢	4.131¢	2.686
Scrap steel composite (Iron Age, ton)	\$42.00	\$42.00	\$42.00	\$43.00	\$20.2
Copper (electrolytic, Connecticut Valley: lb.)	24.500€	24.500e	24.500¢	24.500¢	14.045
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.)	\$2.42	\$2.41	\$2.35	\$2.39	\$1.9
Cotton, daily price (middling, ten designated markets, lb.)	38.61¢	38.87∉	38.93∉	35.90e	30.56
Wool tops (Boston, lb.)	\$2.00	\$2.00	\$2.05	\$2.00	\$1.5
INANCE	208 (1000	105.0	307.5	***
90 stocks, price index (Standard & Poor's)	195.6	195.3	197.9	185.9	135.
Medium grade corporate bond yield (Bas issues, Moody's)	3.53%	3.52%	3.51%	3.45%	3.059 1-19
ANVING (Millions of Julian)					
BANKING (Millions of dollars)	53,221	52,925	51,762	E1 257	4445 71
Demand deposits adjusted, reporting member banks	76,019	75,303	75,342	51,357 71,604	++45,21 ++71,14
Commercial and agricultural loans, reporting member banks.	21,516	21.235	20,799	19,938	++9.22
U. S. gov't and guaranteed obligations held, reporting member banks	31,928	31.786	32,362	31,333	1149,20
Total federal reserve credit outstanding.	25,249	24,872	24,810	24,783	23,88
MONTHLY FIGURES OF THE WEEK		Latest Month	Preceding Month	Year	1946
Cost of living (U. S. BLS, 1935-39 = 100) old basis		192.3	192.4	185.6	Averag
Wholesale prices (U. S. BLS, 1947-49 = 100)		112.1	111.8	113.7	78.
Retail sales (seasonally adjusted, in millions)		\$13,325	\$13,474	\$13,074	\$8,54
Preliminary, week ended Sept. 20.		*	Revised.		

^{*} Preliminary, week ended Sept. 20. **Estimate (BW-Jul.12'47,p16).



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During the few seconds it takes you to dial a number, a maze of telephone apparatus goes into action. Sometimes as many as 8000 lightning-fast electrical contacts are made in the cross bar switch bay shown above. Power is supplied by the teamwork of electric utilities and storage batteries, many thousands of which are Exides.

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WASHINGTON OUTLOOK

WASHINGTON BUREAU SEPT. 27, 1952



The Office of Price Stabilization will shelve controls for thousands of small businessmen

This is the inevitable result of Congress' cut in price control funds. OPS simply hasn't the staff to police the prices of all the smaller firms. Its experts calculate that big companies—which will stay under ceilings—will observe them faithfully; competition then will force the smalls to stay in line with the bigs.

Size will be the big test for price control relief. Officials aren't firm on where to draw the line. But they have some ideas.

Nonfood retailers grossing less than \$50,000 are high on the list. They could well be exempted by OPS within a month.

Food retailers will remain under ceilings. OPS doesn't figure that food prices will sky rocket. But food is a big living-cost item.

Exemptions for more small manufacturers are on the way, too. Recently OPS struck off its control list manufacturers grossing under \$25,000. This policy will be liberalized before yearend.

Considerations behind the faster-than-expected decontrol of prices are obvious—quite aside from the meager funds Congress gave OPS. In the first place, the Truman-threatened price inflation hasn't developed. Industry has been able to produce adequately for both civilians and defense. Also, keeping records for OPS is a burden for small companies. They simply haven't the facilities necessary to comply with OPS regulations. Thus the shelving of price lids at this time has political appeal.

Retail price maintenance is still weak, despite the McGuire statute. Big volume retailers who provoked the Supreme Court ruling against the old price maintenance laws are cutting prices again. But manufacturers are slow to crack down on them. A court test might bare a flaw in the new legislation.

The draft will take many of your young men well into 1954. Calls will average about 50,000 per month through next June. Then they will drop to an average of about 40,000 monthly for the next year.

More reservists and National Guardsmen will be called, too. The prospect is that these calls will take 70,000 by next midyear and another 30,000 in the succeeding 12 months.

The military's problem is replacing men whose terms expire. Net strength in the services will be built up only about 200,000 more. But to make this gain and replace men whose hitch expires will require a total of over 1.1-million men by mid-1954.

The big squabble over aircraft has come to naught. You remember the report by William L. Campbell, chairman of the Aircraft Production Board of the Defense Production Administration, which slapped the services for bungling and wastefulness (BW-Jul.26'52,p29). It recommended concentration on a handful of new models rather than the two score being produced.

A resurvey has brought a retraction of Campbell's findings. It was made for DPA by T. P. Wright, Cornell University, and defended the

WASHINGTON OUTLOOK (Continued)

WASHINGTON BUREAU SEPT. 27, 1952 production plans of the services. The wave of contract cancellations and modifications threatened by Campbell's report now boils down to minor revisions.

John L. Lewis got more than expected. He did it with his threat to strike not the whole coal industry but only part of it. The industry, with visions of some mines producing while others were closed, caved in. Lewis got 11¢ an hour more than steel boss Murray. He traded his demands for a shorter work-week for extra cash per hour. In all, it's the biggest raise Lewis ever got.

The coal settlement again puts wage stabilization on the spot. Steel bent the control formula out of shape. The Lewis settlement kinks it even more.

But the stabilizers will go along. If they turned John L. down, it would mean a coal strike just ahead of the election. Truman wants to avoid that. So Lewis' raise will go through and push coal costs up.

Other above-ceiling wage raises are piling up. They include electrical, rubber, copper, and East Coast shipbuilding. And the wage controllers, with the steel surrender as a precedent, are expected to give in on all.

Company pensions: A key feature of many private retirement plans is that the employer contribution will make up the difference between an employee's social security and \$100 per month. The last Congress increased social security \$5 to \$8 per month. This meant a corresponding decrease in employer contributions to many pension plans.

But union leaders don't like the idea of smaller payments by employers. In recent talks with government social security officials, the union men have urged a change in the tax laws which would disallow any employer contributions whatsoever as tax deductions if they have been cut back. Congress would have to O.K. any such change. It will be an issue next year.

Plans to merge the Office of Defense Mobilization and the National Production Authority have been shelved for the time being. Henry H. Fowler, who bosses both of the mobilization agencies, is naming Ralph Trigg, former head of Agriculture's Production & Marketing Administration, as his top NPA deputy. That will leave Fowler free to concentrate on ODM, the policy-making center for both defense production and economic stabilization.

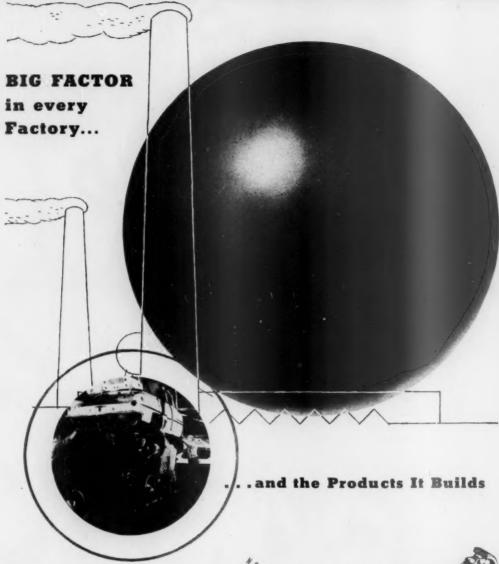
Questions on the publication of tax compromises are pouring in on the Bureau of Internal Revenue. Most are from businessmen. They want to know whether disputes over liability—amounts owed—will get in the papers.

The policy is this: Disclosure is made only in those cases where there's no dispute over the amount owed, and a compromise settlement is made simply because the taxpayer hasn't the resources to pay up in full. Cases in which the taxpayer pays the full amount of the tax—after the amount owed is finally settled—are not subject to public disclosure.

There will be more heat in the political campaign from now on. It's a close race, with the showdown only five weeks away. Eisenhower and Stevenson will try to stay out of the mud-slinging. But there will be few restraints on their underlings.

More women go out

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Keep your eye on the BALL

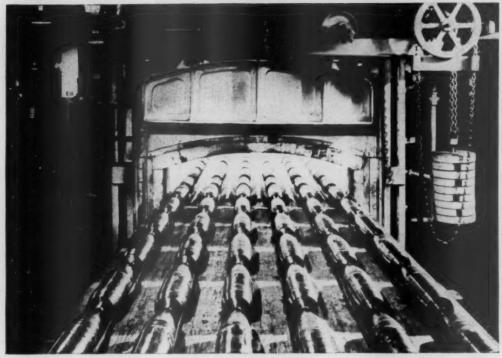
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NEW DEPARTURE . DIVISION OF GENERAL MOTORS . BRISTOL, CONNECTICUT

SEPTEMBER 27, 1952



PRODUCTION for U.S. war needs used to come from temporarily converted civilian plants. But now, a new pattern is emerging in ...

Munitions: A Permanent U.S. Industry

For the first time, American arms-making is becoming a distinct, experienced, full-time business.

Last week, BUSINESS WEEK reporters called on a long list of companies that are making munitions for the U.S. defense buildup. Out of these visits there emerged a significant fact: For the first time in its history, the U.S. is getting a full-time, national-scale arms industry—an industry that's about as individual and experienced as automobile manufacturing or food processing.

• The Difference—This is more than just a growing-up of something that was there before. It's a fundamental shift in the U.S. pattern of munitions production. What's happening, in effect, is that U.S. thinking on armament is getting to look more and more like what was once an opposite philosophy—the thinking of Europe.

Up to now, one of the sharp differences between American and European businessmen has been this: U. S. businessmen have regarded peace as the normal state of affairs; European businessmen, war.

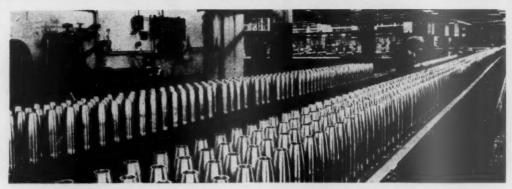
Because of that, European countries have run their arms production on a basis entirely unlike that of the U.S. After decades of war, interrupted only by periods of war-scare, Europeans have come to think of munitions as a group of products that will always be in demand. Hence, Europe is dotted with companies whose principal output is in weapons of war—outfits like Skoda, Krupp, Bofors.

The U.S., on the other hand, has not had a big, full-time arms industry.

With the exception of a few companies such as Switzerland-based Oerlikon (BW-Nov.3'51,p146), American companies have been geared basically for commercial, peacetime production. Whenever there has been a need for munitions, that need has been met by hastily converting civilian factories.

New Era—Now, the U.S. picture is changing. Most of the companies Business week reporters talked to last week now treat their war output as a permanent part of their business. Many of them have created separate divisions, headed by key executives, to work exclusively on government contracts. Some of them have even built separate munitions plants.

What it all adds up to is that the U.S. now has a functioning, experienced arms industry—not merely a group of commercial plants that, with much sweating and straining, can be



twisted into military production in case of war. This new industry isn't producing in top gear now. But the basic machine exists. It can be reveed up smoothly, almost at a moment's notice.

• Reasons—Where did this industry spring up from, and why did the companies involved figure it was worth building?

The basic reason-as with any new industry-is that there was a demand for the product. Ever since postwar optimism died and the U.S. began rebuilding its defenses, military contracts have been plentiful. Some companies, in fact, never stopped working on munitions from the time they started during the war. Emerson Electric Mfg. Co., St. Louis, is one: The company set up a separate division to make aircraft gun turrets during the war, shifted from production to engineering development and experimenting afterwards. Today, it's producing again. Says O. C. Schmitt, the company's president: "We built up an organization that we expect to keep going.

Manufacturers who have set up big, permanent arms-making operations figure the demand for military goods is here to stay-at least into the foresee-able future. "We expect Uncle Sam to be a good customer for some time," says, an ordnance maker in Cincinnati. Other companies back their optimism with cold, hard contracts: Wyman-Gordon Co., auto and aireraft forging outfit of Worcester, Mass., has made a deal with the government to help run a new \$50-million plant where fighter wings will be forged. The contract lasts 20 years.

There's yet another reason behind companies' moves, into munitions production. Since this is a period of defense buildup, the government is keeping metals away from civilian producers. Many a company, consequently, has found itself up against a choice between starving to death and getting into defense work.

• Separation-There are few U.S. counterparts of Europe's Skoda and

Krupp—companies whose single purpose is to make munitions. But American outfits have come up with something very similar. Many companies now have separate manufacturing divisions, headed by semi-autonomous management, to work full-time on defense output.

Take Westinghouse Electric Corp., for instance. The company has set up a "defense products group," on a par with its other big divisions—industrial products, consumer products, and the like.

Another example is Schiable Co., of Cincinnati. The outfit has four major divisions: plumbing, valves, garbage disposal units, and ordnance. Ordnance operations are in a separate plant, employing about one-fourth of the company's total payroll.

The same story comes from Chain Belt Co., Milwaukee: The company started making 105-mm, howitzers when the Korean war broke out. At first, it tried to jigsaw gun production into its regular civilian operations. Then it decided this was more than a temporary arrangement. It leased a separate plant, created a new division. The head of this division has a free hand in hiring his own staff-most of which he gets from outside Chain Belt's civilian plants.

 New Industry—The attitude of these companies is explained pretty well by an executive from Boston: "Defense production is a new phase of our business. We are exploring it just as we would explore commercial markets, treating it exactly the same as a new type of market."

In other words, the munitions makers don't think of their work as a temporary job—something to be rushed off on a catch-as-catch-can basis. They figure arms-making is a permanent enough part of their business to be worth planning out carefully.

• Hedge against Peace—U. S. businessmen have been called the most optimistic, and at the same time the most careful, in the world. That's why, in the midst of all this roar and bustle of

defense activity, you can hear voices saying, "Take it easy."

Munitions makers aren't putting all their eggs in one basket. "We have to keep ourselves flexible to roll with the punch," says a Milwaukee manufacturer of electronic equipment.

Keeping flexible means setting up your operation so that you can swing either way-into full-scale defense output or full-scale civilian output-with as little grinding of gears as possible. A Chicago maker of shells and jet parts, for instance, has arranged its affairs this way: It does most of its defense work in a separate plant. If its present contracts run out and aren't replaced, it plans to lock up its munitions plant entirely, put on a watchman, and shift the plant's employees to civilian lines. Plant and employees, however, will be kept on a standby basis. Whenever a new need for munitions comes up, the company will be able to open its plant and resume production there almost as easily as starting a car.

Standby Basis—Much of today's defense industry, in fact, is on a watch-and-wait basis. The majority of companies are producing below full capacity—but are ready to shift into high gear whenever necessary.

Hoffman Radio Corp., Los Angeles, gives a good example of this state of mind. The company makes electronic equipment for the armed forces. It doesn't always have a big backlog of contracts. But according to Les Hoffman, its president, when it isn't working on government orders it will go ahead on its own with designing and planning. This will keep the gears oiled during slack periods.

Hoffman's setup is typical of the U.S. defense picture as a whole. It's summed up by James A. Rodgers, president of White-Rodgers Electric Co., St. Louis: The U.S. has a smoothrunning, experienced defense industry, says Rodgers. Right now, it's more potential than actually operating. Its muscles aren't in Juge output, but in technical and administrative knowhow.

Did Jones Pull It Off in Iran?

- Cities Service chief says he might help get Persian oil flowing, regardless of British attitude.
 - In London, oil men scoff angrily at his claims.
- Washington stand seems foggy, though Jones thought he had official blessing.

Ever since he arrived in Iran at the end of August, President W. Alton Jones of Cities Service Co., has had British and U.S. oil men in a dither (BW-Aug.30'52,p29). All have been grasping at straws trying to figure out Jones' "angle" in stepping into the tense Iranian oil situation.

This past week, just before leaving for home, Jones let a little light in on his mission. At a Teheran press in-

· He said he might be willing to help Iran operate the Anglo-Iranian Oil Co. facilities, idle since Iran nationalized them a year ago. He estimated it would cost less than \$10-million to get Iran's oil industry back on

a money-making scale.

· Cities Service might buy oil from Iran. Jones pointed out that the decision on buying would in no way hinge on whether there was a British-Iranian oil settlement. Nor would it be affected by whether Britain or Anglo-Iranian took legal action against his company for handling Iranian oil.

· Jones said that some oil tankers could be brought in immediately to start moving out Iranian oil stock. In a matter of months enough tankers could be moved in to make it a paying

proposition.

· Background-Whether Jones, who was invited to Iran by Premier Mossadegh, was speaking for Cities Service alone or others, only Jones knows and he wasn't saying. Two facts, however, were clear:

First, Jones made his trip to Iran with the consent of top U.S. officials and after meeting with President Truman and Secretary of the Interior Oscar

Second, as Jones himself pointed out at the press conference, Cities Service Co.'s tankers for the most part were too busy with company work to haul Iranian oil. The indication there was that Jones might direct the program of getting Iran's oil industry back on its feet, but would need help from other major American companies in the form of tankers and other facilities.

Although Jones' aims were not completely clear, some of the reactions to

his statements were: · British oil men were reported

hopping mad over his "irresponsible remarks." In London, oil men privately regard Jones' visit to Iran as useless. They say no European refineries would buy Iranian oil from Cities Service because of the ownership claim hanging over it, and because they would have

to pay scarce dollars.

· American oil companies with large holdings in the Middle East and South America kept their mouths shut. But indications were that they were opposed to any arrangement by which Mossadegh would be rewarded for taking over Anglo-Iranian oil properties. If it happened to Anglo-Iranian, it might happen to them. However, they have the highest respect and confidence in Jones, and the fact that they are keeping out of the argument can be read as a sort of endorsement.

· Washington's attitude toward a possible Iran-Cities Service deal is still an unknown quantity. When Jones talked to Interior Secretary Chapman and to Truman, he and his friends got the impression that at least some governmental people would be glad to see Cities Service in the picture-as being a company big enough to be effective but not one aligned with the major world operators. Officially, however, the government's position seems to be that it was glad to have Jones go to Iran simply to give technical advice, but had no idea he would attempt to negotiate oil purchases. Certainly any U.S. blessing for a deal between Jones and Mossadegh would mean a sharp shift in U.S. policy toward Britain-and if any such shift is in the works, it's still confined to the very highest levels.

· Iranian extremists were about the only ones completely happy over Jones' statements. They interpreted his remarks as meaning he would definitely help reopen the nationalized oil indus-Their hope is that negotiations with the British can be severed for good.

· Big Leagues-To most neutral observers, Jones' Iranian activities meant two things: that Jones wanted to help the U.S. government end the long drawn-out oil dispute, and that Cities Service is trying to move in a bigger and faster league. A late-comer in the field, Cities Service has no foreign hold-

ings, and obviously would love some. It has already taken steps in this direction. It has an application before the Venezuelan government for exploration and exploitation of some 450,000 acres in the Maracaibo Basin. In Mexico, a Cities Service subsidiary is assisting in exploring the shallow waters of Tamiahua Lagoon, south of Tampico.

• The Switch-To old hands in the oil business, Jones' actions in Iran don't seem peculiar. Jones has always had a reputation of putting reverse English on a situation when needed. For example: When Mexico took over U.S. oil properties in 1938, most oil men screamed. Jones kept quiet.

"Don't scream for the Marines-work out a deal," was his advice to fellow oil men. He lent the Mexicans money, refinery technicians, and the entire staff of the Cities Service Mexican subsidiary. The payoff came in 1942 when Cities Service and the Mexican government reached a settlement whereby the oil firm was paid for its holdings.

That wasn't the only Jones strategy that paid off for Cities Service. Most financial historians gave him large credit for building the company to its present position as one of the U.S.'s top 12 oil companies and one of the four biggest producers of natural gas

· Hodgepodge-A self-taught genius at figures, Jones joined Cities Service top management in the 1920s. At the time, the company was a billion-dollar plus hodgepodge of utilities and gas and oil firms, headed by Henry L. Doherty and his associates. Just before the 1929 erash, Cities Service was some \$500million in debt and leaking at the

Jones didn't become president until 1940, but he had actually been running the company for 16 years. His was the decision to lop off the utilities, when the Public Utility Holding Company Act of 1935 forced him to give up either that or the oil and gas business. The utilities had been Cities Service's financial backbone, but Jones foresaw more future in oil and gas.

· Expansion-By the end of World War II, Jones had stripped the company down to bone and muscle; \$228million was carmarked for expansion. Today, Cities Service owns some 67 subsidiaries, which round out an integrated operation from the drilling to the final sale.

Last year, gross operating revenue was \$828-million, net was \$57-million. Since 1935, the debt had been cut by more than \$250-million; the stock is selling in the \$100 range.



TWO THOUSAND delegates to the AFL convention in New York City gave

Getting Ready to Change

This week the bidding for labor's vote is closed. Both presidential candidates have made their major labor speeches; the American Federation of Labor convention was their soundingboard. Stevenson won the unprecedented endorsement of an AFL convention (BW-Sep.20'52,p31). Eisenhower got a polite hearing and little more.

As expected, the issue turns on the Taft-Hartley act. But there's no black and white difference between the opposing candidates. It's clear now that there'll be a different labor law next year no matter which side wins. Both are agreed, on changing T-H. They differ only on how and how much to change the five-year-old law.

I. Where Candidates Stand

The difference in candidates' views comes down to this:

· Stevenson would repeal T-H

and write a new law based on the old Wagner act.

· Eisenhower would retain T-H. with amendments along the lines of those proposed by Sen. Taft in 1949.

· Congress, Too-Taft-Hartley's fate doesn't depend only on which man takes the presidential oath next January. It hangs, too, on which party controls each house of Congress. Stevenson could put across his repealer only if he gets enough Fair Dealers in Congress-a Democratic majority isn't enough, as 1949 proved. The Democrats then had a majority on Capitol Hill, vet Truman and the labor leaders couldn't swing repeal even by having the House refuse to consider the 23 amendments Taft put through the

trols Congress thus increases the number of possibilities for T-H action. You have four courses T-H can take, instead

Senate to ease the law. · Possibilities-The factor of who con-

(1) If Eisenhower wins and gets a Republican-controlled Congress, first there'll be a labor-management conference. It will most likely endorse all the amendments sponsored by Taft and passed by the Senate in 1949. Perhaps the single most important of these is preservation of the right of strikers to vote in National Labor Relations Board representation elections. Where labor and industry conferees disagreed-over such matters as the closed shop and the use of injunctions in emergency disputes-an Eisenhower administration would be expected to favor leaving the law much as it is.

(2) If Eisenhower wins but Democrats control Congress, there would probably still be a labor-industry conference at the White House. But union representatives would surely be less tractable. The President and Congress could get in a tug of war over how extensively the law should be rewritten. In the end, a Democratic Congress-



. . . a hearing to lke . . .



. . . an ovation to Adlai

Labor Law

trying to keep controversy over the law as sharply black and white as possible might approve fewer revisions than a Republican Congress would under a Republican President.

(3) If Stevenson wins and has control of Congress, the Taft-Hartlev amendments to the Wagner act will be repealed. New legislation will restore some Wagner act provisions that had been climinated. The product will be an updated Wagner act.

(4) If Stevenson wins but the Democrats don't control Congress, there will probably be an interval of deadlock on T-H, much like the one between Truman and Congress since the 1948 elections. Whether this deadlock would continue until a new Congress was elected in 1954 would depend largely on CIO. In 1949-50, AFL was ready to accept the Senate-approved amendments as the best obtainable under the circumstances; CIO blocked them with a "repeal or nothing" stand. If Steven-

son wins, CIO could be expected to oppose new T-H amendments—it would feel confirmed in its opinion that a strong Taft-Hartley act is an important political issue to keep alive for the next election.

II. Where Congress Stands

Take a look at the committee gauntlet a labor bill has to run, and you can see how tough it will be to get a Taft-Hartley repealer through Congress. The Senate isn't such a problem, but the House is an armored nut to crack—the House was quite happy to leave Taft-Hartley unchanged in 1949.

• House—In the House, Republicans and conservative southern Democrats control the 25-man Education and Labor Committee, through which T-H legislation must pass. Chairman for the past two years is Rep. Graham A. Braden, conservative Democrat from North Carolina. Braden's labor views are to the right of Sen. Taft's. In the last Congress, he bottled up the Taft-Humphrey bill that would have eased Taft-Hartley restrictions on building trades unions; the bill had passed the Senate easily.

Then there's the House Rules Committee, which can play an important part (in 1946 it substituted the tough Case bill for Truman's fact-finding bill). Ranked behind aged and ailing Rep. Adolph Sabath of Illinois, a friend of labor, you find two Southerners, E. E. Cox of Georgia and Howard W. Smith of Virginia, both considered unfriendly to experied labor.

to organized labor. Unions don't have a really strong advocate on either of these House committees. The best they can do is Rep. Augustine B. Kelley, from a coalmining area of Pennsylvania. Kellev is a West Pointer, a coal operator, and onetime member of the Western Pennsylvania. Coal Operators' Bargaining Committee. · Senate-In the Senate Labor and Public Welfare Committee, all but four of the 13 members are consistently prolabor. The nine are led by Sen. James E. Murray of Montana as chairman and Sen. Hubert Humphrey of Minnesota, both Democrats, and Sen. Irving M. Ives of New York and Sen. Wavne L. Morse of Oregon, both Republicans. The four who are not pro-labor include Sen. Taft and two others of the opposition and Scn. Paul Douglas of Illinois. who follows the middle of the road.

III. What Might Change

There's a wide area of agreement between Republicans and Democrats on what should be relaxed in Taft-Hartley and what shouldn't be touched.

 Rules against unfair labor practices by unions as well as by employers will remain. Labor leaders have accepted this T-H principle, and Stevenson has promised it would stay.

 Jurisdictional disputes and secondary boycotts supporting such disputes will still be outlawed.

Free speech for both employers and union leaders will be guaranteed.
 Non-Communist affidavits will be extended to employers, too, or will be

dropped.

Bargaining elections will continue with little or no change.

• Points of Conflict—Election results will affect action, however, on several hot points of dispute:

Injunction. Stevenson would restore the Norris-La Guardia anti-injunction law; Eisenhower apparently wouldn't go so far, though his AFL speech denounced injunctions and seizures as not getting to the root of a labor problem. He might be expected to retain the injunction for limited uses, such as jurisdictional strikes and secondary boycotts. For general purposes, Eisenhower advocates "preventive mediation," with the government as impartial referee.

National emergencies. This point has drawn some of the warmest exchanges between the candidates. Eisenhower has tried to pin a "compulsory arbitration" plank on Stevenson; the governor retorted in his AFL speech that he only wants the President empowered to "try" to have a dispute arbitrated (page 140). Eisenhower says that in emergencies the government "must stipulate, not stifle,

collective bargaining."

Closed Shop. Stevenson talks as if he would restore the closed shop, banned by T-H, but not permit a closed union. He says job-seekers shouldn't be denied employment by being denied union membership. By references to maritime, building, and printing trades, however, he indicated he may be thinking only of legalizing the hiring hall. Some employers using casual labor would favor that. Eisenhower is clearly opposed to the closed shop, but he might be willing to sanction union hiring halls in certain industries. Taft has expressed willingness to make conservations of the closed shop and the conservations of the conservation of the conservation of the conservation of the closed shop but he might be willing to sanction union hiring halls in certain industries. Taft has expressed willingness to make con-

cessions along this line.

Secondary Boycott. Like Truman, Stevenson thinks "unjustifiable" secondary boycotts should remain outlawed, but not those that support "legitimate" union objectives. Apparently, the only secondary boycott he would outlaw is one that relates to a jurisdictional dispute. This would leave secondary boycotts in the clear if they were to win union recognition, get higher wages, or protest against handling nonunion goods or working alongside nonunion help.

Eisenhower is opposed to legalizing any form of secondary boycott as a deprivation of a man's right to work for an employer with whom he has no grievance.

Birth of a World Power

- A united Europe may be in the making at Strasbourg.
- Constitution for a six-nation federation is now being written, for March delivery.
- That's the farthest a unity movement has ever gone on the Continent, but the big test lies ahead.

Twenty-six men sat down this week in Strasbourg, France, to write the constitution for a United States of Europe. The beginnings are modest; the federation is intended to be tighter than a treaty alliance, but not a lot tighter. The ultimate could be the most sweeping change in Europe's structure since the Renaissance.

Six nations are involved in the federation plan: France, West Germany, Belgium, the Netherlands, and Luxembourg. The committee of 26 is an offshoot of the 78-man assembly set up to oversee the Schuman Plan coal-steel

pool.

· Long Pull-European unity has been in the back of statesmen's minds since the first discussion of how armies and coal-steel resources could be pooled. All through the long negotiation on those projects, the goal of six-nation unity has been pointed out again and again: Once the coal-steel pool was ready to function, the foreign ministers raised their eyes again to the long-range goal. On Sept. 10 they decided to call the constituent assembly at Strasbourg.

· Potential-The plain, prefab building where the committee of 26 is meeting looks more like a small-town high school than like a historic landmark. Yet, at best, the framers of the constitution could release energy and resources that would create a new balance of world power; at worst, their effort will

be remembered by history.

The potential is great. The six nations contain 155-million of the most highly skilled and creative people in the world, with total production almost matching the Soviet Union. They control big areas of Africa and the Far East, where development so far has only scratched the surface. Yet for 1,000 years these nations have spent their wealth and energy in fights among themselves.

· Obstacles-The reality is though. Chances of real unity are stacked against these hard facts:

· Leaders at Strasbourg are way ahead of public opinion in their homelands. Many Europeans applaud unity in principle but may balk at the sacrifices involved.

· Russia and Communist agitators in Western Europe will try everything in the book to trip up the new federa-

• Ill feeling between France and West Germany can't easily be salved. Right now, there's bickering over the Saar (BW-Sep.13'52,p175). Bitterness of that sort, and more to come. could smother the federation in its

The one saving factor is this: World War II convinced many Western Europeans that, in a day of superstates like the U.S. and the Soviet Union. their countries are too small to survive as isolated units. They feel that federation may be their last chance.

I. The Men

Federation of Europe is an old dream, so old that skeptics thought it could never rally enthusiasm after the war. A handful of statesmen-and one small grassroots movement-are trying to

prove the cynics wrong.

· Statesmen-High on the list of leaders are Jean Monnet of France, who first proposed pooling Western Europe's coal and steel industries; Foreign Minister Robert Schuman of France, who pushed this idea to reality; Premiers Adenauer of West Germany and DeGasperi of Italy, who, one way or another, have wangled a slim parliamentary edge for their unity program; Paul-Henri Spaak of Belgium, new president of the Schuman Plan assembly and one of the first to go all-out for federation. Three years ago, these men and others brought about the Council of Europe, whose debates helped launch the Schuman Plan and the European army.

Winston Churchill spoke up, too, with his original suggestion for a European army. And Americans from Gen. Eisenhower on down have been cheer-

ing from the sidelines.

· Vox Populi-The lone grassroots movement is headed by Altiero Spinelli, a private citizen of Italy. His band of federalists (100,000 active members at last count) is the single concrete sign of popular enthusiasm for West Europe unity. Spinelli's high-pressure lobbying among high officials of the six nations helped bring about the Sept. 10 call of a constituent assembly.

II. The Federation

It's hard to say how fast, and in what precise direction, European unity will progress from here. One group led by Monnet wants to go slow, just to put a constitutional umbrella over the coal-steel and army pools. Another faction, spurred by Spinelli, wants to go faster and further.

• Structure-Chances are the constitutional committee will come up with:

• A general, flexible constitution setting up broad spheres of activity without spelling out specific powers. These powers would be left to the federal parliament to decide

· A bicameral legislature-the upper house elected by national parliaments, the lower house by popular vote.

· A supreme court to judge constitutional issues.

· Perhaps a central banking sys-

· An executive elected by the federal legislature, maybe U.S.-style with a single executive or Swiss-style with a college of equals who rotate in the top There would be ministerial departments, too, for affairs that concern the whole federation.

At the start, the finance minister would control only the Schuman pool, but sooner or later there'd have to be a customs union assuring people, goods, and money the freedom to move within the federation. There's bound to be a common defense budget for the federa-

• Timetable-If all goes well-if Europe's economy holds up, and nationalists and Socialists in France and Germany aren't able to balk the whole idea-federation will follow this time-

Mar. 10, 1953. Drafting of the constitution will be completed if the committee carries out the foreign ministers' directive.

Summer, 1953. The six nations will have signed a treaty to create the fed-

eration's political authority.

1954. The six governments will have ratified the treaty. This is the big snag, though. Federation will surely be a major campaign issue of elections in Italy and West Germany next spring, and parliaments are bound to go slow where surrender of any national sovereignty is concerned.

1955. The parliament of the United States of Europe will hold its first meet-



DRIVER puts final touch on racer before fifth annual sportscar race at Watkins Glen, while . . .



SHOPTALK is exchanged by foreign-car dealer, Max Hoffman, and Italian race mechanic.

Last Race at Watkins Glen?

(Racing continues on page 34)



ENTHUSIASTS line course and perch on rooftops, as 100,000 watch racers spin around . . .



HAIRPIN TURNS, which bring spectators crowding dangerously. Then . . . (turn page)



RACE ENDS abruptly when car skids into crowd at 80 mph., kills one spectator and injures several others. Now . . .

Crash May Decide Fate of Sports-Car Racing

(Racing starts on page 33)

The sudden bloody end to the Fifth Annual Grand Prix sports-car race at Watkins Glen last Saturday may cool down the country's growing enthusiasm for road-racing. Chances are it's the end of road-racing at least for this village in the Finger Lake region of New York

The Watkins Glen race, best known of the sports-car events, was well along when it happened. Spectators watched, dazed, as one of the entries slid off the roadway and at 80 mph. crashed into the on-lookers. A seven-year-old boy was killed, 12 other spectators were injured. The race was stopped.

This would not be the first time the public's interest in road-racing was dimmed by the sport's danger. Roadracing was a big sport in America before the first World War. However, so

many people, both drivers and fans, were killed and injured that the sport was dropped. It was not until 1947 that it was revived, at Watkins Glen, by the Sports Car Club of America.

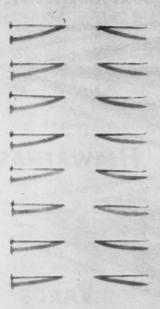
Since then, road-racing fans have grown steadily. Foreign sports-car models are selling like hoteakes: British car sales in the U. S. last year, for instance, were 25% over 1950 levels (BW–Feb.2'52,p135). Now American auto-makers are getting their feet wet in the sports-car field. Buick, for one, is testing public reaction to a new sports model it calls the Skylark.

Opinion is split as to whether this crash will end racing at Watkins Glen. The five-year contract between the club and town expires this year. There has been a feeling for over a year that it would not be renewed.

Many of the drivers, themselves, feel the Glen course—six miles of steep grades and abrupt turns—is unnecessarily perilous. Dangerous stretches are lined with bales of hay to keep cars from leaving the course. The racers, most of them British-built, roar down the main street and through the nearby hills at speeds up to 140 mph.

The town corporation looks on the race as a losing proposition, financially. There is no admission charge and the town pays the bills for hay bales, extra police protection, and incidentals.

police protection, and incidentals. To the townspeople, on the other hand, the race is a bonanza. Business is so good that on the 10 days following last year's race bank deposits in the 3,000-population town exceeded \$14-million. Local people, naturally, are reluctant to lose this windfall.



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SHIP-TRAVEL

Look at the map



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CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD

BUSINESS BRIEFS

Atomic Energy Commission has picked Goodyear Tire & Rubber Co. to operate its new \$1.2-billion uranium-235 plant in Pike County, Ohio (BW-Aug. 16*52,p28). Goodyear will use about 4,000 workers when the plant is completed four years from now.

Price controls on shoes came off this week. Office of Price Stabilization says there are plenty of shoes around and that shoppers are now getting the biggest bargains in shoes since before Korea.

Dishonest workers are draining American employers of more than \$500-million a year (BW-Nov.3'51,p72), according to Continental Casualty Co. Main reasons workers stray: Horse-betting, fast women, excessive drinking, and living beyond their means.

Diversifying: Nash-Kelvinator entered the laundry equipment business by purchasing controlling interest in Altorfer Bros. Co., of Peoria, Ill., maker of ABC laundry equipment . . . Radio Corp. of America will move into the major appliance field if stockholders of NOMA Electric Corp. approve its purchase of Estate Stove Co., of Hamilton, Ont. NOMA now owns Estâte.

A third round of aluminum expansion (BW-Apr.1952,p23) will be announced by Defense Production Administration before Oct. 1. It will probably call for a 250,000-ton annual boost in domestic capacity and bring in new producers. Kennecott Copper, Olin Industries, and Spartan Aircraft may be the first three.

Federal Trade Commission charges Eastman Kodak Co. with illegal price-fixing among competing retailers. FTC says Eastman cannot make fair-trade contracts with retail photography stores because the company owns some stores of its own. The complaint is essentially the same as one the Justice Dept, has filed against McKesson & Robbins (BW-Jun.7'52,p51).

Western Union offers a new service to speed intracompany communications. Called Intrafax it transmits facsimiles in picture form at high speed.

Actor-producer Robert Montgomery and newspaper-magazine publisher Gardner Cowles will fill two empty seats on the board of directors of R. H. Macy & Co. A third vacancy will be filled by Abraham L. Bienstock, lawyer.



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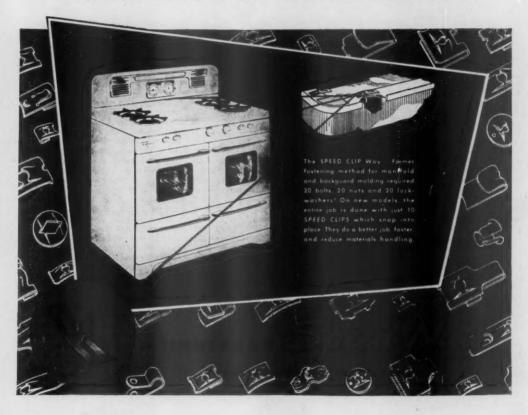
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MARKETING



UNTELEVISED FAILURE: Columbia-Brown played to near empty stands, while on another Saturday there was a . . .



TELEVISED SUCCESS: Yale-Cornell packed them in. So pro-

Does Television Really Spoil the Gate?

Promoters still feel box office is backbone of their income. But TV rights bring them fancy money, too.

To the average sports promoter, the words "box office" can be freely translated into "bread and butter." Regardless of other sources of income that his event may generate, he feels that the backbone of his market has always been the people who pay to come and watch his contests. As a result, he is instinctively opposed to anything that tends to keep them away.

 Bugaboo—And in recent years, he has meant only one thing by "anything" television. Whenever the gate falls off at any sports event, television gets the full blame, even if that event wasn't televised. The promoter figures that some other event was being aired, and people stayed home to watch it instead of coming to see his.

The only trouble with this theory is that it won't always hold up in practice. The figures show that in many cases televised games do as well as or better than nontelevised games (pictures, above). In fact, there's some indication that if television hadn't created

new fans, some teams in some sports would be worse off than they are.

• No Solution—These two directly opposed views have been canceling each other out for a long time now (BW—Jan.27'51,p49). For a while, it looked as if one theory or the other might get wide enough acceptance to establish a clearcut relation between sports and TV. But this week, three developments showed that a solution was as far away as ever. These were (1) the nearing end of the baseball season; (2) the opening of football; and (3) a championship boxing match.

I. Baseball

On the major-league baseball front, several important changes in TV plans for 1953 were in the cards. The first of these was an announcement by the Washington Senators that it would drop all telecasts of its home games—despite the fact that through Labor Day the club was about 12,000 tickets

ahead of 1951 sales on a comparable date. President Clark Griffith stated that he felt that TV was a definite threat to the box office at home games. So in its place, he hopes to televise only the Schatory' road games.

• Attendance Drop-President Dan Topping of the New York Yankees would like to do the same thing. And he has better reason: Whereas the Yankees for several past seasons have hit or barely missed the 2-million attendance figure, this year they will be lucky to wind up with 1.6-million. But Topping can't arbitrarily drop home-game TV in favor of road TV only. He must first get the other two New York clubsthe Brooklyn Dodgers and the New York Giants-to agree to follow the same policies. Otherwise, Topping's telecasts of road games would conflict with their home-game telecasts-and scramble the whole elaborate schedule the clubs have set up to avoid conflicts.

He isn't likely to get such an agreement for next year. The reason is that the Dodgers and probably the Giants, plan to keep right on telecasting their home games. And, on top of that, Brooklyn has planned to air at least

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"... teams with the heaviest TV schedules had the best performances . . "

TELEVISION starts on p. 38

some of its road games as well. This in spite of the fact that the Dodgers, like the Yankees and the Giants, have also suffered box-office drops this year. • Up and Down-Mediocre attendance wasn't limited to the New York teams. Baseball as a whole was off 9% through Labor Day, as compared with last year's attendance. Yet right here you get the first factor which throws off the calculations on the effect of TV: Four of the 16 major-league teams had already exceeded their total 1951 gate by Sept. 1, with a month of games left to play. All four televise at least some home games.

A closer study made at the end of last season brought forth some even more disturbing factors. Jerry Jordan, youthful independent researcher who is strongly in favor of televising sports, analyzed the nine baseball teams which had maintained their regular televising of at least all home daytime games. He found that they had played to an increase of 234,169 people in the park in 1951 over 1950. On the other hand, the seven which reduced, restricted, or eliminated TV in 1951 suffered an aggregate loss of 1.4-million.

But as in the case of all statistics, there's a catch here which the figures fail to show. And that is that the ball teams with the heaviest TV schedules also had the best performances.

II. Football

Meanwhile the collegiate football television situation promised to be about the same this year as last—from the public's point of view. In 1951, the National Collegiate Athletic Assn. had set up a program of restricted telecasts, under which only one game would be telecast in a given area each Saturday. The same thing will apply this year, but for a different reason.

• Noble Experiment—Last year NCAA announced that its purpose was "experimental," designed to study the effect of limited or blacked-out Saturdays on gate receipts. Most objective observers felt that the plan proved nothing at all, one way or the other. For one thing, over-all college football attendance was down 6% in 1951 from 1950. For another, according to Jerry Jordan, colleges in TV areas reported a loss of only 4%, while those in non-TV areas were down 10%.

Perhaps because of these factors, NCAA is ignoring the box-office study approach this year; it hasn't even men-



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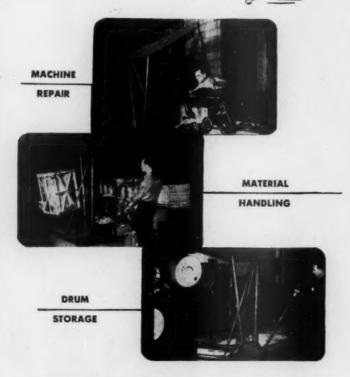
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tioned it as a reason for continuing limitations. Instead, it said that the aim of the 1952 plan is to prevent monopolization of TV revenue by a few big schools. So, in the 11-game schedule, no school may be televised more than once, giving 22 colleges a slice of the TV pie.

• Antirust Action?—The arbitrary qualities of this plan may yet get NCAA into hot water—there's a question as to whether it's legal. Already the Dept. of Justice has an antirust suit pending against the National (professional) Football League on the same complaint—restricting television in violation of the antirust laws. The case comes up for trial in November. If the government wins it, NCAA probably will be the next target.

III. Boxing

The professional boxing business is hard at work trying to figure out the most profitable kind of television. The International Boxing Club, leading promoter of bouts, has a strong reluctance against network TV when it comes to outstanding fights. As a result, the public is getting ever fewer chances to see the really big fights in its own living room.

Latest example of this trend came this week, in the Joe Walcott-Rocky Marciano fight for the world's heavy-weight championship. Held in Philadelphia, the fight went out on a closed network to about 50 theaters all over the country.

• IBC's Take—The theater network has been set up by Theater Network Television, Inc. According to rumor, TNT is paving IBC about \$1 for each ticket sold by the theaters in the lineup, with a minimum of about \$140,000 guaranteed. The theaters themselves are selling tickets ranging in price from \$3.60 to \$4.80.

IV. Advantages

Yet the advantages of controlled television have not blinded promoters completely to the advantages of sponsored network TV. In fact, there is some mighty fancy money available for network television from sponsors only too eager to pay it because sports programs are surefire audience getters. IBC, for example, has signed a new \$4-million contract with Pabst Brewing Co. to telecast its Wednesday night bouts for the next 52 weeks. General Motors has signed to spend more than \$2.6-million for the privilege of sponsoring the 11 college games being telecast this fall.

And professional baseball, worrying about falling gates, nevertheless took in more than \$4.5-million from TV in 1951.

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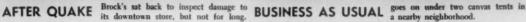


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BACK IN BUSINESS less than two weeks after the Bakersfield earthquake shut main store, Brock's carries on in temporary quarters.







uake Fails to Shatter Business

When the second of the recent series of earthquakes hit Bakersfield, Calif., Brock's department store was right in the middle. Malcolm Brock Co., Inc., decided to move what merchandise it could into temporary quarters under canvas tents in a nearby neighborhood called Westchester. To Brock's surprise, volume has been so good the store has about decided it needs a permanent branch store in Westchester.

The second blockbuster slammed

Bakersfield on Aug. 22. A block from the center of the quake stood the threestory building occupied by Brock's.

Like every business in the area, Brock's main store was closed down immediately. But about 12 blocks from the main store, Brock's found a parking lot big enough for a couple of tents. Store officials went to a circus and fair equipment supplier, bought two big circus tents covering about 24,000 sq. ft.

Four days after the quake, workmen began putting up the canvas. Utility companies cooperated by rushing in phone installations, electric current, and water service. On Sept. 3, Brock's was open for business as usual, in its new, temporary location.

Sales volume under the Big Top has been surprisingly normal-about even with last year in the departments that could be transferred.

Meanwhile, Brock's knew that the main store might not be ready for reoccupancy before bad weather set in. It decided to move its better merchandisc under a solid roof. A single-story, speculative store building was going up a block away. Brock's took a lease on the new building, with long-term plans in mind: As John M. Brock, asst. manager, put it: "If the downtown store isn't ready when the new Westchester building is finished we can move our better stuff into the new building. Then when the downtown store is in shape we'll move in and make a women's specialty branch of the Westchester store.

But there are plenty of problems in keeping going:



Air conditioning units were put 1. AIR: around canvas walls.



Ice-cold water had to 2. WATER: be supplied.



3. DISPLAY: had to be put up.

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DEPT. B, PEARL RIVER







SAMUEL SLOTKIN wants from his . . .

Merger of Two Middleweights

To get up with the top five packers, Slotkin—head of Hygrade—would like to buy controlling interest in Kingan & Co. There are several reasons why Kingan wants to sell.

Samuel Slotkin, who has described himself as the "Tiffany of the frankfurter trade," is making another bid to become a major factor in the meat packing industry. Whether he achieves his goal will be known on Oct. 10.

On that day, if all goes well, his Hygrade Food Products Corp. will buy controlling interest in Kingan & Co., Indianapolis meat packing concern that dates back to the Civil War. Upstart Hygrade (about 30 years old) could thus become the fifth biggest meat company at a cost of approximately S5-million or more for the majority stock interest.

 Ifs and Buts-All the members of the Kingan board of directors have agreed to sell, as have some other major stockholders. Whether the deal goes through now depends largely on two factors:

• At least two-thirds of the outstanding preferred stock (44,602 shares) and three-fourths of the common (784,-794 shares) must be offered for sale by Oct. 10. Price: \$63.50 a share for the preferred, \$5.60 for the common.

• The suit filed against Kingan for \$5,650,000 by H. Frederick Willkie, former president of the company (BW-Aug.16'52,p117), must be disposed of by that time. Willkie, brother of the late Wendell Willkie, is charging defamation of character as a result of the fracas that developed during his removal from the company.

These matters were still ifs and buts last weekend. So was the rumor that Willkie would be asked back into a Hygrade-Kingan setup. There was skepticism on this point. Yet some recalled that Wendell Willkie had been Slotkin's legal counsel. Slotkin and the other principals aren't talking until the deal is closed.

 Why Kingan Is Selling—The Willkie troubles highlight the difficulties that have been plaguing Kingan and have led to the impending sale.

Essentially, the clash between Willkie and Kingan was the inevitable clash beetween the new and the old. Kingan is a conservative, old-line company controlled by one family, the Sinclairs. Willkie is a progressive, energetic management expert who piled up a glittering record at Joseph E. Seagram & Sons (BW-Feb.16'52,p130). His ideas were radical and expensive—for Kingan. He tried, for instance, to switch Kingan from primarily a slaughtering house into a meat and food processor.

Eventually, the arrangement fell through with a loud noise of charges and counter-charges.

There is little doubt that Kingan is having serious troubles. By its own admission, something had to happen. It will finish the current fiscal year (ending Oct. 31) more than \$1-million in the red. Last year, on sales of \$212.9-million, it only brought down \$258,774 in profits.

• Why Slotkin Is Buying—"For many years I have cherished an ambition to have a close association with Kingan & Co.," said Hygrade's 67-year-old founder and board chairman at the time of the announcement.

Slotkin has cherished that feeling about many companies over the past three decades. He once remarked that he never built a packing plant or bought a healthy one. But the supply of lil ones having been plentiful, Slotkin has accumulated a long string of purchases since the 1920s. His biggest coup was the purchase of failing Allied Packers and its five plants in 1929.

Since then Slotkin has not only acquired new plants but moved in new directions. Meat packers are in an enormous range of activities these days, but Slotkin has added new twists. Besides doing the conventional things, like pushing his business overseas, he has brought Barrington Hall coffee, acquired a macaroni business, dabbled in retailing.

Also, Slotkin has emphasized processed and frozen meats. As a result, the company is known chiefly among consumers for its all-beef frankfurter. Slotkin has long preached the sound doctrine that you make your money on the trade-marked, processed items. He has been willing to let the big packers sell meat as a low-margin bulk commodity.

• The Record—Slotkin's empire building reached a peak just after the war. In 1947 his company had sales of \$173.1-million as against \$8\$.3-million in 1942. It had moved up to seventh place in the industry.

That year-1947 was a big year for the industry as a whole. It took a number of companies several years to equal their 1947 sales records again. Hygrade still hasn't done it.

Low spot in sales was 1950, when Hygrade did \$105.3-million. Last year it hit \$142.7-million, which put it about tenth place in the industry. Profits, meanwhile, moved all over the lot, from \$4.5-million in 1946, to a deficit of \$2.2-million in 1949, to a profit of \$752.413 last year.

• Reasons—What happened to Hygrade? The trade offers various explanations. One is that Hygrade is too much of a one-man company—dominated by its founder. Another is that Slotkin has always talked a fine game about processed foods but that in practice he has never really exploited them properly with advertising and merchandising. Still another school says that it was easy for Hygrade to do well with processed meats in the days of shortages, but it was another story when chops and steaks came back.

Skeptical though the trade may be, the banks are willing to bet what counts on Slotkin. A group of New York and Detroit banks, headed by New York City's Hanover, is putting up a loan of \$7-million to finance the deal.

If it goes through, Hygrade will ac-





talking about is the Freight car hot box—as unnecessary today as the men who used to ride horseback ahead of locomotives with a warning flag.

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Here's what they do: They minimize car maintenance. They improve riding quality, which means less damage to lading. They solve the hot box problem.

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quire some valuable property, including (1) some important old trade names, like Jordan bacon, and (2) a manufacturing and distribution setup, employing 6,000-odd people, that complements and extends Hygrade's own setup pretty much across the U.S.

MARKETING BRIEFS

Dehumidifiers are the latest appliance to catch hold in the home. Westinghouse reports that sales of its newest dehumidifier are 50% above expectations.

Change in beer taste? The pale, light, and dry has dominated brewing for the past decade (BW-Apr.19'52.p147). Now R. J. Schaefer, president of F. & M. Schaefer, predicts a swing towards stronger brews. Schaefer is the nation's sixth biggest brewery.

Food-freezer plans (BW-Apr.12'52, p30) have become widespread enough to worry supermarket operators. Super Market Merchandising reports that 49% of supers surveyed have taken "definite steps" from offering discounts on frozen food to adopting their own food-freezer plans.

Monsanto is ready to license formulators under its soil conditioner patents. It will sell Krilium and other products to formulators, who will use them in their own brand-name products.

What dues do you pay to your trade association? Roscoe Edlund, consultant to trade associations, has made a survey and finds that dues vary from 1/20 of 1% of members' sales up. The median is 1/15 of 1%. Highest is 1% of sales—and only one association sets that.

Night openings twice a week are being tried by Boston's major department and specialty stores to gain back business lost to suburban stores. First week pleased both stores and the transit system, which reported passenger traffic up threefold on shopping nights. National Retail Dry Goods Assn. reports that two nights a week is now prevailing practice for downtown stores in eight cities.

Exclusive dealing order has been handed Harley-Davidson by Federal Trade Commission. FTC has told the motor-cycle maker to quit making contracts that forbid dealers from handling a competitor's products.

Low-priced 8mm projector for home use has been introduced by Bell & Howell. It weighs only 12 lb., retails for S99.95.



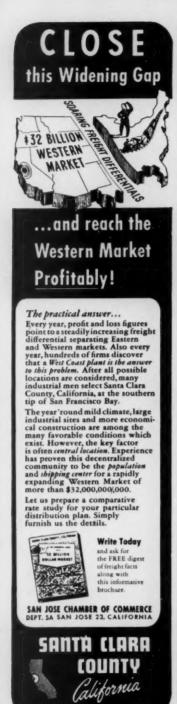
VOTE!

In recent national elections in some free countries, the following percentage of eligible persons voted:

Australia	96% voted (1951)
Great Britain	83% voted (1951)
Sweden	80% voted (1950)
Western Germany	75% voted (1949)
Canada	74% voted (1949)
Israel	72% voted (1951)
United States	51% voted (1948)

Only about one-half of our voters went to the polls in the last presidential election. The right to vote is a privilege and a responsibility. Let us make this year's vote the largest ever recorded in our history! Get out and vote November 4th! Urge all your friends to do likewise.

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Dried Milk: Consumers Like It

With food costs steadily rising, 7¢-a-quart milk looks mighty attractive. Just how attractive is being proved by zooming sales of powdered milk.

A Harvard professor noticed recently that practically all of his friends were buying powdered milk. This surprised him. It didn't seem to make sense in view of the general upgrading in food buying since the war. He chalked it off as a fad.

He was wrong. The growing popularity of dried milk is no local craze. In the last four or five years, powdered milk—the industry calls it nonfat dry milk solids—has risen from insignificance to an important item on grocers' shelves.

 More for Less—Why the sudden yen for powdered milk? There are three good reasons, all tied in with general postwar attitudes: Economy, convenience, and a growing taste for all dairy products.

Most important, of course, is economy. With powder, you can mix your own milk for as little as 7¢ a quart, compared with around 25¢ for a quart of fresh fluid milk: A pound-package of powder, which makes five quarts, sells for around 33¢ to 49¢, depending on the brand.

The convenience comes in having a perishable product in a handy and storable form. Powdered milk lasts almost indefinitely if the powder is kept dry; moisture cakes and sweetens it. These two factors—cost saving and convenience—apparently make up for some loss of flavor.

Moreover, since the war American families have been drinking more milk, cating more cheese and other dairy foods than ever before. In fact, the growing popularity of powdered milk has had little, if any, effect on the sales of fresh fluid milk: Volume for the first seven months of this year was 2% over the same period last year.

 As Good as Skimmed—Powdered milk is supposed to have all the nutritional values of skimmed milk. Only the fats and Vitamin A are removed, leaving nearly all the protein, calcium, phosphorus, and B-vitamins. The average pound of powder has the nonfat solids from 11 lb. of fluid skimmed milk, is the protein equivalent of nearly 3 lb. of sirloin steak.

Milk that is dried has to be sweet and fresh to start with. In the preliminary stages—receiving, pasteurizing, homogenizing—it is handled just like milk that is bottled. The milk companies do the delaydrating

do the dehydrating.

Dried milk tastes like skimmed milk, too. About 3 cup of powder makes a

quart of fluid milk. The powder tends to pack, so it takes a little experience and experimenting to get 5 qt. of fluid milk out of a pound—and to mix it to taste. Since the powder is about 50% lactose (milk sugar), too rich a mixture has a definitely sweet flavor.

 Catching on Fast—There is nothing new about powdered milk, of course.
 It has been on the market since the early 1900s. But until lately it was used almost exclusively by large commercial bakeries, ice-crean makers and the like.

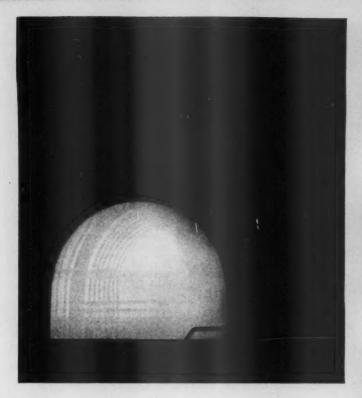
bakeries, ice-cream makers, and the like. It wasn't until 1942 that Borden Co. began to look into the possibility of developing a consumer market. That year Borden launched its Starlac brand, gave it a big publicity play to offset the adverse G.L-spread advertising of dehydrated foods. Consumers were slow to accept the new idea for the first few months. Then sales made a sharp, steep climb. Total volume of powdered milk packaged for consumers jumped from 17-million lb. in 1950 to 60-million lb. in 1951-10% of the total domestic consumption of powdered milk, which was 605-million lb. Sales are still climbing fast; they are expected to double this year.

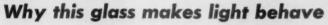
For several years Borden had the consumer field to itself; it is still the largest in the consumer field. Its first competitor in the national market, Land O' Lakes, showed up in 1950. Today there are three major producers for the consumer market: Borden with its Starlac, Sanna Dairies in Wisconsin with its Sanalac, and, early this year, A&P with its Whitchouse brand. However, new, regional brands seem to be popping up every day. In all, there are more than 50 brands on the market; 20 of them appeared during the last year.

• Converts—As yet nobody knows very much about the powdered-milk users. The biggest market so far has grown up in the southeastern states. Scattered consumer surveys, however, have established one thing: There doesn't seem to be any clearcut relationship between the use of powdered milk and family income.

Not many families that use dry skimmed milk are confirmed powderedmilk drinkers; three-fourths of them use it in baking and in cooking such foods as custards, puddings, gravies. Less than half of the families drink it at all.

• Two Kinds-The powdered-milk converts, however, do break down into





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Corning has long been known for its pioneering in lightingware. Edison came to Corning for his first light bulb. It was glass by Corning that set the present railroad signal standards. Corning research and development made possible the famous 200" Mt. Palomar telescope, neon tubing and television image tubes. And hundreds of thousands of square feet of Corning's engineered lighting glassware are being used in office buildings, hospitals, schools and homes.

If you have a problem involving the control of light, check with Corning. It may pay you also to learn about the ways in which glass can help you with other aspects of design. Start today by sending for the 12-page illustrated booklet, "GLASS, its increasing importance in product design."



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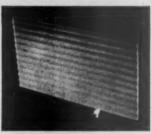
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two fairly distinct groups. In the first and largest are the shoppers who are heavily influenced by advertising, direct selling, impulse buying. These users buy it sporadically, use less of it. In the second group are the consumers who plan their buying carefully, shop in supermarkets, are most interested in a balanced diet and economy. These families use much larger per capita amounts of the product.

Since dried skimmed milk is not fattening, it is probably used by a lot of people on diets. And pediatricians are beginning to recommend it for children who tend to be overweight. Some families feed it to their pet cats and

dogs

• On the Farm-How does the farmer feel about all this? So far he isn't much concerned about it, except that it may mean an eventual stimulus to produce more milk. Since powdered milk is processed the same as bottled milk until it is out of his hands, his primary interest is still the market for fresh fluid milk.

Tomato Tussle

Eight small packers bring monopoly charges against Hunt for tomato paste selling tactics.

How aggressively can you push your efforts to intrench a label without having your competitors blow the anti-trust whistle on you?

The question was posed for Hunt Foods, Inc., last week in a civil damage suit leveled at the big food packing firm by a handful of tiny competitors.

Hunt was charged with attempting to monopolize the tomato paste business by slashing prices to "unreasonably low" levels and driving competitors to the wall.

The small packers invoked both the Sherman and Robinson-Patman acts to support their claims for treble damages of \$2.3-million and their demand for injunctive relief. Their attorneys claim it's the first time these laws have been invoked by private litigants without prior prosecution by the U.S. Dept. of

It's strictly a California squabble up to the point that the finished product moves into out-of-state markets and qualifies as an item of interstate commerce. Californians produce 95% of the paste made in the U. S. from tomatoes grown in California. The suit was filed in Federal Court at San Francisco.

• The Charges—Specifically Hunt is

 The Charges—Specifically Hunt is accused of cutting its paste price to a level at least \$1 a case below cost, and on top of that making advertising al-

anytime . . . without obligation, of course.



The chemical that HATES ice

This Winter, when icy storms lash our northern highways and city streets, many of them will be made safe for travel with the aid of Columbia Calcium Chloride.

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Columbia Calcium Chloride performs lots of other winter jobs, too—such as freeze-proofing coal and ores for easy handling, and serving as an essential ingredient in cold-weather concreting. It's an important member of the big family of alkalies and related chemicals which come from Columbia-Southern plants in Barberton, Ohio; Natrium, West Virginia; Corpus Christi, Texas; Lake Charles, Louisiana; Bartlett, California.

COLUMBIA
CALCIUM CHLORIDE
WORKS IN SUMMER, TOO!

Like most basic chemicals, Calcium Chloride is a versatile product of many uses. For example, in contrast with its winter jobs, Columbia Calcium Chloride is widely used to control dust on secondary roads, athletic fields and other areas—because of its unusual affinity to water, it attracts and holds moisture, stopping the formation of dust and consolidating the surface materials firmly and compactly. This same property makes it ideal for dust-protofing coal and for dehumidification. And, year "round, Calcium Chloride provides many advantages as brine solutions for refrigeration plants and systems.

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Q-Floor wiring can be quickly changed to meet any rearrangement of office layout.

SKIDMORE, OWINGS & MERRILL, Architects
GEORGE A. FULLER CO., General Contractors
SMITH and SILVERMAN, Electrical Engineers
FISCHBACH and MOORE, Electrical Contractors SPECTACULAR LEVER HOUSE, Park Avenue, New York City, will remain electri-

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Lever House uses General Electric's Q-Floor wiring system -one of several modern General Electric wiring systems designed to serve business and industry

Beneath the glistening surface of spectacular Lever House in New York City is a modern G-E wiring system that cannot get out of date. No matter how offices are rearranged, it will always be a simple matter to provide neat, unobtrusive electrical outlets for office machines, telephones or interoffice communication systems. An electrical outlet can be placed in any one of the 131,000 square feet of office area in Lever House.

O-Floor-The easy-to-change wiring system in Lever House is based on O-Floor - a cellular steel floor that saves materials, weight and construction time. Lever House was completed four months earlier because of Q-Floor.

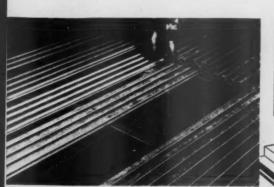
Q-Floor wiring-For buildings constructed with Q-Floor, General Electric provides connections which make the cells available for wiring. Every Q-Floor cell thus becomes an underfloor conduit or raceway for electric power, telephone or inter-office communications. You can have outlets wherever you need them-whenever you want them.

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For more information about O-Floor wiring or any other G-E wiring system, see your G-E Construction Materials distributor or write Construction Materials Division, General Electric Company, Bridgeport 2, Connecticut.

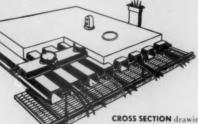


STEEL Q-FLOOR is laid in place and welded as the framework of the building is erected. It saves time - saves weight - saves lumber used for forms. And as Q-Floor goes in. it provides an immediate working and storage platform for all trades.



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Architects: Leland and Larsen, Boston. Illuminating engineers:
Thompson Engineering Company, Boston.

correct luminous environment. PLEXIGLAS luminous ceilings meet the requirements of architects and lighting engineers for low brightness ratios, high illumination levels, and fixture-free appearance. They diffuse light evenly and efficiently, without casting shadows . . . hide lamps, pipes and ducts . . . and resist breakage and discoloration. In addition, the lightweight yet strong diffusers can be removed easily and safely for cleaning and for access to the lighting source.

CHEMICALS



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lowances and interest-free credit terms. Frederick R. Weisman, Hunt president, said he had not seen the suit and couldn't answer the charges until he

On the surface the suit sounds like the anguished cry of small business at the approach of the steamroller. Actu-

ally it's a good deal more.

On the Rise-Under young, aggressive management, Hunt has risen in less than a decade to a commanding position in food packing. The industry has watched, with some apprehension, as Hunt boosted its sales from \$9.8-million in 1943 to \$62.7-million in 1951, fourth largest in the business. Hunt leads the field in tomato sauce, a thinner variation of paste, is second in peaches, third in catsup.

Until last year, Hunt packed very little paste, a specialty that amounts to \$30-million or \$40-million a year among 32 canners. But, last year, Hunt zeroed in on paste. For a case of 96 six-ounce cans, Hunt dropped the price from \$9.75 in May to \$7.50 in July. This past summer the Hunt price dropped

to \$6 and even \$5.80.

The small canners who are suing say that Hunt's price is at least a dollar under cost, exclusive of advertis-ing expense, and that the market would easily support a price of \$7.50. Their treble damage claim is based on the rebates they say they've had to make to keep their customers in line, reduction in price to meet competition, and thumping losses in inventory values which in turn are causing their bankers to grow restive.

Hunt's promotion-minded manage-ment spends \$2-million a year to push "Hunt's red label," according to the suit. And now the paste, with additional advantage of low price, is cashing in on the heavy label promotion.

• Top Dog-The big firm's eight accusers in the aggregate made six or seven times as much paste as Hunt in 1951. But they see in Hunt's promotion material to brokers a determination, at any cost, to be top dog. They predict that the price-cutting competi-tion will put them out of business. They lack the financial resources to slug it out for long and their bankers don't have much taste for that kind of warfare. Once they're out of business, they say, Hunt will jack up the price again and also be in a fine position to bargain with tomato growers for all its tomato needs.

The plaintiffs are: Hershel California Fruit Products Co., San Jose; Madonna Foods, Inc., Riverbank; Matmor Canning Co., Woodland; San Jose Canning Co., San Jose; Stanislaus Food Products Oo., Modesto; Thornton Caning Co., Thornton; Gangi Bros. Packing Co., Santa Clara; and Aron Canning Co., Stockton.



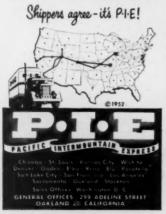
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*National Highway Users Conference Report.



LOCAL BUSINESS

Business by and large is a local affair, and local news takes a large place in every businessman's thinking.

Here, from a sampling of cities around the country, are some of the local events that made news last week.

Grudge Fight

ST. LOUIS—The gubernatorial campaign in Missouri is developing an unusual twist: Organized labor is either sitting the campaign out or supporting the G.O.P. nominee, Howard Elliott. It's not that the unions have any particular love for Elliott, but rather that they hate the Democratic candidate, Phil Donnelly.

The basic issue is Missouri's King-Thompson law, which prohibits strikes against public utilities in the state. To Missouri labor, King-Thompson means about the same as Taft-Hartley does nationally. The Missouri law has some tough penalty provisions: Unions can be fined heavily; individual strikers can lose all seniority.

Donnelly was governor when the law was passed, and he signed it. But that's not labor's big gripe against him. When the legislature passed a first version without penalty provisions, Donnelly appeared personally, made a fiery speech, and got the penalty provisions put in. Labor has never forgiven him for that.

Last week, St. Louis CIO leaders formally recommended that CIO endorse neither candidate: the state Political Action Committee will probably accept that recommendation. The state executive committee of the AFL Labor's League for Political Education has also refused to endorse either man, although it said Elliott is "by far the least objectionable."

But the St. Louis branch of LLPE has endorsed Elliott. Local 688 of the Teamsters' Union, largest single local in the state and one of the most active politically, has also come out for him.

Labor did its best to beat Donnelly in the Democratic primary, and failed: he's still the favorite for November.

Two Parking Projects

CHICAGO – Motorists will get 7,890 new offstreet parking places in downtown Chicago when projects approved last week by the City Council are completed. New revenue-bond issues totaling \$14.8-million will finance five garages and four parking lots. Facilities will be city-owned, but the city will lease them under prescribed terms to private operators.

Construction of two underground parking garages, to hold 4,011 cars, is already under way.

SAN FRANCISCO—The city supervisors finally made a start last week on the offstreet parking program. They accepted a bid for the right to build an 828-car garage on city property in St. Mary's Square.

S. E. Onorato Co. will build the garage, estimated to cost \$2.1-million, and lease it for 33 years to W&B Realty Co. at either \$1,225 a month or 44% of the gross, whichever is higher. At the end of the 33 years, the property will revert to the city.

Several similar projects are under consideration.

Two Transit Hikes

COLUMBUS, OHIO—Columbus has long prided itself on having one of the lowest transit fares in the country. Until a couple of years ago it was a nickel. Then it paused briefly at 8¢ and went on up to 10¢ last year. Now it looks as if the city's half-million residents will be walking unless they're willing to raise the ante again.

Last year's boost from 8¢ to a dime was the result of a deadlock between the CIO Transport Workers and the Columbus Transit Co., with the City Council in the middle. The union threatened to strike for higher wages. The company said absolutely no raise without a fare boost. Only an eleventh-hour law by the council boosting the fare 2¢ averted a strike.

The same thing is happening this year: Transit company workers say they will strike midnight Sept. 30 unless they get a wage boost and other concessions; company compromise offers have been turned down.

The council, remembering the 1946 transit strike that tied the city up tight for 26 days, is jittery.

DETROIT—The publicly owned and operated transit system here has run at a loss for 22 consecutive months, despite a regular 15¢ fare and a fare of 20¢ on express buses. Various experimental economy measures have brought angry protests from Detroiters, who say services the protection of the protecti

ice never was good and has changed for the worse in the past couple of years.

Last week the City Council took a deep breath and boosted the fares—to 20¢ for a regular ride, 25¢ for the express buses. But even these new fares—among the highest in the country—may not solve the problem. The council estimates they will produce \$5.3-million new annual revenue. Of this, \$2.1-million has been earmarked for wage boosts—and the union says that isn't nearly enough. About \$1-million will be spent on improvements, and at least \$1.6-million will be needed to cover this year's deficit. That leaves only about \$600,000 cushion.

The \$5,3-million figure was based on the estimate that the fare boost will result in the transit system's loss of 17million of its annual 270-million riders. If the loss is greater than that, the anticipated surplus will quickly fade out.

Casper Flares Up

DENVER-Businessmen here are hopping mad at their chamber of commerce for a slipup which, they say, is costing them a big slip of business

costing them a big slug of business.

At the bottom of the mixup is a question that wouldn't seem to be of much concern to Denver: Which airline should get a new route between Los Angeles and Minneapolis-St. Paul? United and Western have both applied to the Civil Aeronautics Board for the route.

United, which already serves Denver on its Los Angeles-Chicago route, wants to fly Los Angeles-Twin Cities via Denver. Western, which now flies Los Angeles-Salt Lake City and Rapid City (S. D.)-Twin Cities, wants to bridge the awkward gap in its cast-west route with a new Salt Lake City-Rapid City segment via Casper, Wyoming's secondlargest city.

The Denver chamber originally favored United, on the theory that United passengers would change planes at Denver. Then the Casper chamber sent a delegation to Denver, and the Denver chamber agreed to withdraw its opposition to Western and remain neutral. But its representative was already on his way to the CAB hearing in Washington the next day. Through some error, he was never intercepted. He gave the original pro-United testimony.

The Casper chamber and its newspapers hothy accused Denver of a doublecross. And Casper businessmen, taking the cue, have started a business boycott against Denver. They are ordering nothing from Denver that they can buy elsewhere, although Denver is the main distribution center for the

Rocky Mountain area, including Wyo-

According to the Denver Post, the boycott has already cost Denver companies scores of orders for carloads of goods they normally would have sold, and the pain is increasing. Denver wholesalers of such items as food, lumber, and hardware are complaining to the chamber with growing bitterness.

Underground Conveyor

CLEVELAND-Proposal of an underground moving-belt passenger conveyor for Cleveland's five busiest blocks got an enthusiastic reception last week. The subway would run under Euclid Ave. from Public Square to Playhouse Square—a five-block stretch that contains most of the city's large department stores and office buildings. Merchants in the area are already discussing the possibility of underground show windows to lure shoppers into their stores.

The conveyor would be of the type developed jointly by Goodyear and Stephens-Adamson Mfg. Co., and suggested as a replacement for New York City's shuttle subway (BW-Jul.26'52, p28). Cost is estimated at \$11-million. William Reed, chairman of the Cleveland Transit System and originator of the idea, says CTS definitely will not pay for it.

Power Users Unite

BUFFALO-Opposition to Niagara Mohawk Power Corp.'s proposed new rate increase is growing. Now, 18 large companies have banded together into the Industrial Power Consumers' Conference to fight the boost.

The proposed new schedule would raise the average cost of industrial power from 6.85 to 7.88 mills per kwh. NMP says it needs the boost because of increased cost of coal and labor. Opponents say the company has been getting back the coal increases through a fuel escalator clause in its rate schedule. The company can't need the increase badly, they say, when its earnings in the first half of 1952 were at a record level.

They add that NMP's rates are already high compared with other parts of the country, and that this hurts Buffalo companies' competitive position. Oldbury Electrochemical Co., one of the 18 in the new conference, says it is building a new \$31-million plant in Mississippi rather than expand its local plant. This decision was made, the company says. "because of the unfavorable power situation."



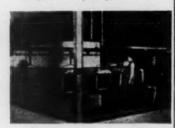
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MANAGEMENT



SEWELL AVERY, chairman of Montgomery Ward: His record shows how to go about ...

Betting on a Depression . .

If the bottom had really fallen out of business in 1949, Montgomery Ward's Sewell Avery would have appeared to be the shrewdest businessman in the U.S. If the bottom drops out next year, he'll be little more than an entrepreneur who missed a date with a boom.

That's because Avery—the industrialist turned merchandiser—has been betting for years that World War II would be followed by a severe depression, as well it may. By now, though, if it comes, his situation won't do much more than prove that depressions are like streetears—another one will always come along if you wait long enough.

Avery summed up his analysis of the postwar economy at a couple of annual meetings of United States Gypsum Co. In 1950, he told his stockholders, "Personally, I have been waiting for the ax to fall, and I am becoming more convinced that it is not far away." And a year later he went even farther: "Economic conditions are terrorizing bewond

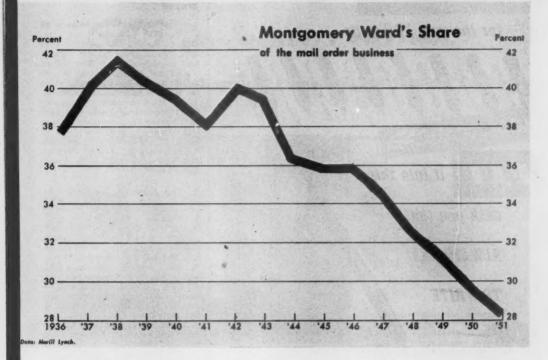
what we have known before. We are starting nothing of any size; we are being cautious."

I. Taking in Sail

Avery's 21-year tenure as top man in the nation's second-largest non-food retailing organization hasn't always been thus. He found Montgomery Ward a very sick chicken in 1931 when the Morgans summoned him from United States Cypsum Co. to do something about that ghastly \$8.7-million deficit the company accumulated in 1931.

Mostly what he did was hire as smart an accumulation of coming young men as the trade ever had seen in one house. He slugged a once-burned directorate into letting him take the property back into the fashion merchandise field from which the company had fled in confusion not long before.

 A Coming In—He held still for some shocking expenditures on a breath-taking new catalog. He scoured the bal-



. and What It Costs

ance sheet, repaid debt, and closed about 70 unprofitable retail stores while his new top management team was accumulating merchandise the customers would buy—and then selling it to them in ever-larger quantity. Walter Hoving, fresh out of Maey's, was making the catalog sparkle. Frank M. Folsom, a corner from San Francisco's Hale Bros., was doing the merchandising. Raymond H. Fogler, the young favorite at W. T. Grant Co., had come over to handle retail stores, and George Vaught, a home-grown Ward product, was blazing profitable new trails in credit policy.

It certainly worked. Avery's first full year, 1932, saw the company losing 2.2 times as much money as its rival. Sears, Roebuck & Co., on a volume only 65% as great. By 1939, Ward's bright young men—and its brusque new boss—had brought the property far. It did 82% of Sears' business that year, carned 84% of Sears' profit. That was as close to Sears as Ward has come in Avery's time. By that time, though, the Ward con-

eern was moving as much on momentum as on the continuing drive of its smart new team. The team, indeed, was coming apart. Walter Hoving left in 1936 for a merchandising career that took him first to the presidency of Lord & Taylor, later to the top job in Hoving Corp. and Bonwit Teller, Inc. Folsom was the next to go, in 1939. Some of his erstwhile Ward associates say his departure stemmed from his disappointment in 1938 when Fogler was given the presidency. Whatever the cause, Folsom later appeared in a big job with Radio Corp. of America, had been its president since 1949.

Vaught, who had been treasurer at Ward since 1933, left early in 1940. He spent the next 11 years as a vice-president of B. F. Goodrich Co., is now a director.

Fogler departed soon after Vaught, having spent two years as president of Ward. Shortly, he became president of W. T. Grant, the company he left for Ward in 1932.

Like a college football coach, Avery has built—and lost—many a varsity since. • War and After—With Ward reestablished, and with the war disrupting

established, and with the war disrupting normal retailing. Avery faced some new problems and war's end left him the problems posed by an uneasy peace, a reconverting economy and a fabulously expansion-minded competitor, Sears,

Roebuck.

In 1929, according to that master of retailing, J. C. Penney, Montgomery Ward contemplated expansion to 1,500 retail stores. In 1946, when the opportunity arose, Avery did not adopt the plan. Instead, Avery trimmed sail—a job he'd done sparklingly once before for U.S. Gypsum, in 1929. Avery shunned the store-opening program Sears adopted, cut the number of Ward stores from 632 in January, 1945, to 605 last January. At the same time, he raised the number of catalog order offices, adding 47 in that period.

• Squirreling-Since the end of the war, Avery has laid up his company's



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The Esterbrook Pen Company, Camden 1, New Jersey The Esterbrook Pen Company of Canada, Ltd., 92 Fleet St., East; Toronto, Ontario "... it has been an expensive hand that Avery has played . . ."

SEWELL AVERY starts on p. 60

cash, content to take whatever extra sales volume flowed his way without hard physical expansion. There's been a good deal of extra volume, too, although nowhere near the amount which has flowed to Sears-not even relatively. Today, Avery can point to a superbly liquid position—\$20.5-million in cash; \$211.1-million in governments; a current-assets-to-current-liabilities ratio of 5.9 to 1. As one of his vice-presidential alumni puts it: "Ward is the finest bank with a store front in the United States today.'

II. The Price of Caution

You can't automatically call Avery's insistence on liquidity a losing game. It hasn't cost Avery his control of the property; he has even survived the pointed dissatisfaction of Massachusetts Investors Trust and the Wellington Fund, two very large shareholders who withheld their proxies two years ago. He quelled a rebellion of some directors-including two Morgan partners-in 1948 at the cost of five directors and a dozen officers.

It hasn't prevented the company from pushing sales far above prewar volume. Profit on sales, percentagewise, is about where it was prewar-operating

profit is generally better.

For all that, it has been an expensive hand that Avery has played since V-J

Day. It has cost Ward:

· Position in the market. Although Ward retains its traditional strong second place among the four major mailorder houses, it has lost real ground to Sears. In 1938, Ward did 41.7% of the business done by the big four while Sears did 50.7%. In 1951, Ward did 28.3%, while Sears did 66.1%

· An unbelievable number of key people. During Avery's tenure, three presidents, well over two dozen vicepresidents, uncounted other high-level executives, an embarrassing number of directors have left. Down-the-liners de-

 A good deal of profit that might have been earned. In 1939, before the war hit retailing and before Avery embraced liquidity, Ward was closing in on Sears. Last year, Sears did 2.4 times as much volume. In his annual report, Avery explained a \$64.3-million drop in sales last year as reflecting "the trend which began last June (1951) toward the more normal level of customer demand that prevailed prior to the Korean The Sears report simply noted

quality control important...?

GAS gives QUALITY CONTROL

to Gladding, McBean and Company, Los Angeles, California



"The making of Franciscan fine China requires the use of the very finest materials. Fuel is no exception, and so we use GAS because it is clean, easily controlled and uniform, providing the finest fuel with which to make the finest china possible."

This is what Mr. Norman DeHoog, China Plant Superintendent at Gladding, McBean and Company says about GAS. The particular operation involved here is firing the over glaze decoration on tableware. When public demand necessitated increasing production at no sacrifice of quality, a modern Gas-fired kiln was utilized.

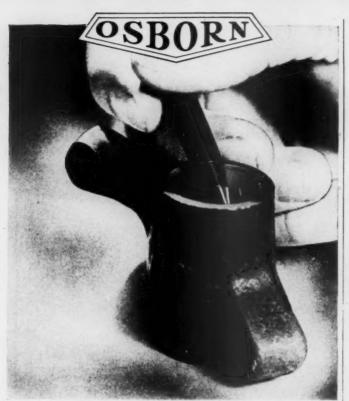
This modern Gas-fired kiln:

- Increased capacity from 90,000 to 100,000 pieces per month.
- Provides accurate, automatic temperature control.
- Gives clean, heat distribution throughout the firing zone.
- Reduces rejects, while giving a rapid firing cycle and good fuel economy.
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OSBORN POWER, MAINTENANCE AND PAINT BRUSHES AND FOUNDRY MOLDING MACHINES

"... insistence on liquidity has stored up problems ..."

SEWELL AVERY starts on p. 60

that its \$101-million boost in sales last year set a new record.

Finally, Avery's insistence on liquidity has stored up future problems for Ward. "Some day," said a Ward alumnus who's a retail president today, "someone is going to protect that grand old name of Ward—and it's a terrific name in the minds of the American people. Whoever does it will have to get into higher-rent areas, more stores, new top-level people, more aggressive management, and a lot of things."

· Contrast-As far as the stockholders are concerned, you can add it up like this: Avery has piled up a wad of cash for them; the Sears management has concentrated on giving them an expanding business. Here's how the market values the result: Since 1946, Ward's stock has dropped from 1041 a share to 601, while Sears has risen from 495 to 58k. That might not have been true had hard times caught Sears in the midst of its vast expansion a couple of years back. From 1946 through 1951, it spent \$305.5-million on 304 new and modernized stores, warehouses, and mail-order plants. For some time, Sears was quite vulnerable.

"But Sears can't get hurt any more," says a Ward alumnus who's now a Ward competitor. "It has had too many years at too high a volume to be in really had shape during a depression."

Having invested its money, Sears has been earning profits with it. Consistently since 1946, its net income at a per cent of net worth has been significantly higher than Ward's. All along the line it has reaped the rewards of its faith in the U. S. postwar future—and it has reaped rewards Avery could have had.

III. What Holds Avery Up?

On such a history, you'd think it would be nearly impossible to find Ward alumni who have a good word for the place. If you thought that, you'd be pretty surprised to hear what they actually say.

Most striking is that they all love Ward: "It has always been a great name"

... "Montgomery Ward was the first company in the field and it has the confidence of people—something every mail-order house must have. It won't lose that because of Avery"

to come from nowhere. I'll always be grateful to the guy," is the way one of the country's ablest merchandisers

lhese "salesmen" have

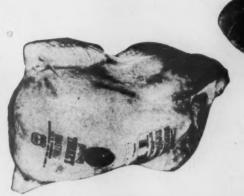


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The tempting color and bloom of his products are a food packer's best "salesmen". Time, because it destroys these things, is his fiercest competition.

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BAR and CHUCKING AUTOMATICS
built in 1, 4, 6 and 8 spindle styles,
maintain occuracy at the highest
spindle speeds and fastest feeds
modern cutting tools can withstand.

puts it. "I enjoyed every year I spent there, until the last months. Avery could be the most charming man in history. But when he blew up—my, oh my."

• Brilliant, But—Without exception, they'll tell you that Avery is a classic Jekyll-Hyde. They agree that he's one of the most capable men in business—although one president grouses that Avery ought to have done far better with what he had, and a banker thinks the stock is priced considerably below what it might be. An important merchandising executive bemoans the latest Ward catalog, in which practically no models are used.

"Sure it saves space," he snorts. "but not very much. It also saves \$60,000 worth of model fees. But the book probably costs \$6-million and what's the sense of dropping the things that help you sell to save \$60,000 on a \$6-million job. It's a true catalog now-just like a phone book. It won't influ-

ence your choice at all."

• Directors—Obviously, the key to Avery's tight control of the company is the directors—most of whom have been Avery men for years. Twice, after the wholesale departure of the management team in 1948, Ward reduced the size of its board—from 15 to 12, then to 9 members. Earlier, terms had been staggered to elect three each year. So, even if an outsider obtained a majority of the voting shares, it would take at least two years to upset Avery's control

Avery has his current president and his current secretary and labor relations chief with him on the board. Of the six outsiders, all of them close to Avery for years, four are in their 70's (Avery is 78) and another is 69.

Morgan representation on the board ended in 1948, when George Whitney and Harry Davison, both Morgan directors, resigned. That arose out of a move by the then-president, W. H. Norton, to wrest some authority from Avery. Ward directors O.K.'d the delegation of authority, then took it back a month later. The Morgan directors were unrepresented at the second meeting. They resigned in anger thereafter, and there has been no effective challenge to Avery's domination since then.

Closest thing to a challenge came in 1950 when Massachusetts Investors Trust, then holder of 95,000 shares, and the Wellington Fund, holder then of 8,000 shares, withheld their proxies as a gesture against Avery. MIT Chairman Merrill Griswold said at the time that Ward directors "... have been responsible for keeping Mr. Avery on as chairman year after year ... " and added that if enough proxies were withheld, it would demonstrate "... lack of confidence in the ... [board] ... for keeping Sewell Avery in power."

GOVERNOR HUGH WHITE OUTLINES MISSISSIPPI'S BAWI PROGRAM

And Its Competitive Advantages for New and Expanding Industry

Under the provisions of Mississippi's BAWI (Balance Agriculture with Industry) Act, political sub-divisions of the state—such as cities, towns, beuts or counties—are authorized to vote industrial bonds for the purpose of purchasing land and constructing buildings for lease to new or expanding industrial enterprises.

The full faith, credit and resources of the political subdivision are pledged for payment of both principal and interest, and the total amount of all outstanding bonds cannot exceed 20% of the assessed value of all taxable property within the sub-division.

Since the original BAWI program was inaugurated, 70 industrial plants have been built with BAWI bonds at a total investment of \$19,500,000. These plants currently employ 17,500 persons and provide \$35,000,000 in annual payrolls.

It is obvious that the BAWI program has contributed greatly to the industrial development and general welfare of the State of Mississippi. On the other hand, it has also given sound industrial enterprises an opportunity to enjoy the competitive advantages which Mississippi has to offer. These advantages, including the financial benefits of Mississippi's exclusive BAWI plan, are outlined below:

LOW PLANT RENTAL

BAWI bonds can be marketed with a rate as low as 2%; and since an industry's rental on a BAWI plant is based on interest and amortization of the bonds, rental rates are lower than the average for equal facilities.

100% TAX DEDUCTION

A company leasing a BAWI plant can deduct its entire rental charge as business expense before taxes; whereas in the case of a company-owned plant, the only allowable deductions are annual depreciation, plus any interest on borrowed money.

INCREASED WORKING CAPITAL

Under the BAWI plan company funds which might otherwise be tied up in sites and buildings can be used as working capital to improve production and stimulate sales. Since for the average industry the cost of sites and buildings is approximately half the total investment, this means you increase your working capital by this amount when you lesse a BAWI plant.

HIGH WORKER PRODUCTIVITY

Mississippi has a reservoir of friendly, cooperative labor that believes in giving a fair day's work for a fair day's pay. Recent statements by Southern plant owners indicate that you can expect much greater productivity from workers of the type seeking industrial employment in Mississippi.

NEARNESS TO EXPANDING MARKETS

Mississippi lies in the center of the expanding markets of the South and Southwest, which have shown economic gains during the past ten years much greater than the national average. A plant in Mississippi gives you fast distribution to the entire nation, and Gulf and river ports also afford easy access to the growing markets of Central and South America.

ADEQUATE FUEL AND POWER

Mississippi is tied in with the world's greatest reserves of natural gas, the fuel of modern industry. The amount of electric energy being produced in Mississippi today is 1683% greater than ten years ago, assuring an adequate source of electric power for new and expanding industries.

A WEALTH OF RAW MATERIALS

Mississippi has an abundant supply of annually replaceable agricultural raw products, plus other resources of forest, field and quarry. Mississippi is the ninth ranking oil producing state in the nation and a leading producer of hardwood, pulpwood, and naval stores. The state has all the raw materials needed by the expanding chemical industry. The value of Mississippi's livestock and its products has increased 379% in the past ten years.



Hugh White, father of Mississipp's BAWI Plan, who is now serving his second term as Governor.

ATTITUDE IN ACTION

Aside from its considerable financial benefits, the BAWI plan serves as proof of the progressive attitude of the people of Mississippi and of its government towards new and expanding industrial enterprises. Time and again our people have proved their friendly attitude by action at the polls in voting for industrial bonds under the BAWI program. In some instances an industry has requested a BAWI election even though it was not interested in the financial aspects.

Here is a typical example of this attitude in action:

INDIANOLA, MISS.—\$1,295,000 bond issue to purchase a site and construct a building for Ludlow Manufacturing and Sales Company of Boston, Massachusetts. Results of voting: 1697 FOR, 14 AGAINST (June, 1952).

An interesting aspect of the above election is that one of the major reasons why Ludlow Manufacturing and Sales Company came to Mississippi was to be near one of its important customers, Alexander Smith Carpet Company, which is soon to occupy a BAWI plant being constructed at Greenville, Mississippi. Many other leading industries of the nation are discovering that their best customers are now located in or near Mississippi.

The trend of industry is to the South. It is a logical trend, based on economic facts and conditions, and cannot be denied. Mississippi with its exclusive BAWI plan, backed by a sound and friendly state government and community cooperation, offers Southward-looking industry a competitive position that no other state can offer. Mississippi's attitude can best be expressed by the words: You are welcome!

They white Governor

For further details concerning Mississippi's Seven Competitive Advantages for new or expanding industry...call or write:

MISSISSIPPI AGRICULTURAL AND INDUSTRIAL BOARD

State Office Building

Jackson, Miss.

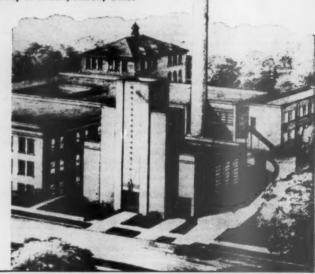
"WE SAVE \$9,000 A YEAR-



"NEW COAL INSTALLATION SAVES
US 31.9%—43¢—ON EVERY
THOUSAND POUNDS OF STEAM!"

says Mr. Robert W. Paul, Heating Engineer, the University of Akron, Akron, Ohio.

This architect's drawing shows the University of Akron's new steam plant. It is located in a residential neighborhood and operates well within the bounds of extremely tight smoke and dust regulations. The plant burns about 1,450 tons of bituminous coal a year, has a steam capacity of 28,000 lbs. per hour. For about \$26,000 a year, this new plant does the work that would have cost \$35,000 under the old one.



Planning to modernize? Building a new plant? In either case an up-to-date coal installation can save you lots of money!

Labor costs are cut to a minimum with modern coal- and ash-handling systems. And modern combustion equipment gives you more steam for every dollar—10 to 40% more power from every ton of coal!

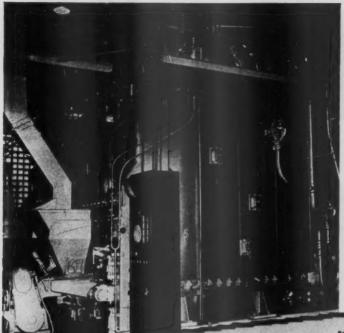
A consulting engineer can show you how these savings really mount up—and mount up fast—when you burn coal in a modern plant designed to meet your specific needs. And coal's your best bet for the future, too. Of all fuels, coal alone has virtually unlimited reserves. And America's coal is mined by the most productive and efficient coal industry in the world. That's why coal offers greater price stability and more dependable supply than any other fuel!

BITUMINOUS COAL INSTITUTE

A DEPARTMENT OF NATIONAL COAL ASSOCIATION WASHINGTON, D. C.

FOR HIGH EFFICIENCY FOR LOW COST

AND HEAT MORE SPACE-BY **BURNING COAL THE MODERN WAY!"**



NO SMOKE CONDITION ... NO DUST NUISANCE-THANKS TO BURNING AND HANDLING COAL WITH UP-TO-DATE **EQUIPMENT!**

This view shows Akron's two new stoker-fired boilers. Coal is delivered by truck through a hopper and into a dust-tight room. Ashes are removed pneumatically. The old equipment delivered a thousand pounds of steam at a cost of \$1.35. This new installation has cut this cost nearly 1/2. Now Akron gets a thousand pounds of steam for only 92 cents!

If you operate a steam plant, you can't afford to ignere these facts!

COAL in most places is today's lowest-cost fuel. COAL resources in America are adequate for all needs—for hundreds of

COAL production in the U.S.A. is highly mechanized and by far the

most efficient in the world. COAL prices will therefore remain the most stable of all fuels.

COAL is the safest fuel to store and use.

COAL is the féel that industry counts on more and more—for with modern combustion and handling equipment, the inherent advantages of well-prepared coal net even bigger savings.

YOU CAN COUNT ON COAL!



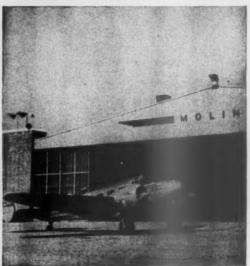
1 H. G. Barr, J. I. Case Co. vice-president, gets a call from Rock Island: "Send us transmission gears or we shut down."



2 Barr arranges for the company plane, and boxes of heattreated gears are loaded into a car for trip to the airport.



4 Halverson lifts the twin-engine Beechcraft off the runway for the 80-min. flight to the Moline (III.) airport near Rock Island.



5 The Beechcraft taxis up to the hangar at Moline, where it is met by a truck from Case's Rock Island works.

Company Planes Get Management

Hundreds of companies nowadays count an airplane among the tools they should supply to management, the same as a desk and a phone. When everything's rolling routinely, the plane is a way to get more mileage-literally—out of executives and salespeople. And when an emergency pops up, a plane is worth its weight in stock options.

• Hurry Call—J. I. Case Co. of Racine,

 Hurry Call—J. I. Case Co. of Racine, Wis., got a taste of this value a few months ago (pictures). Case has facilities for heat-treating transmission gears only at Racine and at Rock Island, Ill. One day the Rock Island treating furnace broke down, and the assembly line faced a stoppage as soon as it ran out of treated gears.

Rock Island sent an S.O.S. to Racine, and a company plane started airlifting boxes of treated gears from Racine to Rock Island. The assembly line at Rock Island kept rolling on Racine gears till its own furnace was fixed.

• Fleet-Some Case officials were skeptical when the company bought its first plane in 1945. They thought the plane was an expensive toy. That attitude is all changed now. Case has three full-time pilots and three planes: a 5-place, single-engine Cessna and a pair of 7-place, twin-engine Beechcraft. They're kept busy all the time.

Emergencies like the Rock Island breakdown are a spectacular use of company planes. They aren't the main reason Case owns an air fleet, though. Case bought its first plane because it got fed up with the time it was taking



Within a few minutes, the boxes are loaded into the plane at the Racine (Wis.) airport. Elmo Halverson, chief Case pilot, is ready to take off.



Gears go into tractor transmissions at the Rock Island plant with no loss of production time. The plant's heat-treating furnace had broken down.

people to travel among the company's seven plants, scattered from Wisconsin to Alabama and California.

Even a trip from Racine to Bettendorf or Burlington, Iowa, by train via Chicago was taking a day of an executive's time. The company plane makes it, as the crow flies, in an hour or so.

• Year's Log-Last year the Case planes flew 700,000 passenger-miles; this year they'll log around 900,000. Cole H. Morrow, chief plant engineer and a licensed pilot himself, says costs average 12¢ per passenger-mile, "including everything the accounting department can charge against them.

Use of the planes is by no means limited to top officials who want a luxury ride somewhere-in fact, top officials are the least frequent users of the planes. During 1951, the log shows 618 employees used the fleet. The best customer was H. G. Barr (picture, page 70), vice-president in charge of purchasing. He flew all over the country to lay hands on critical materials. Scheduling



Another Clarage Installation in One of America's* Largest **Industrial Enterprises**

Above you see one of the twelve Clarage Improved Exhausters on a vital-to-production dust collecting job in Monroe, Mich. plant of the Ford Motor Company.

These fans operate in connection with twelve American Air Filter Company's Roto-Clone installations.

Ford Motor Company has used Clarage equipment for over a quarter century.

Counting all of this Company's plants, well over a thousand Clarage

fans are now handling the many and varied air handling requirements of this leading automotive and defense materiel manufacturer.

You can RELY on Clarage equipment to give you economical service for a long time to come.



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BUSINESS WEEK . Sept. 27, 1952



Terminal Tower symbolizes Cleveland's dynamic growth. Over a billion dollars of private capital invested in manufacturing facilities in the last five years mean ever-increasing needs for electricity. So, as . . .

Cleveland Doubles Power Demand ... Rome Helps Deliver It

With its expansion to 1,500,000 kilowatts of electrical energy, Cleveland's electric utility . . . as well as its industries . . . must turn to the wire maker for dependable power distribution. Making wires and cables of dependable quality is our business.

In Cleveland, as elsewhere, electric utilities and industrial users, alike, depend upon Rome Cable with confidence. It is a confidence gained from reliability of product and service, the result of complete integration of research, engineering and production facilities within one plant. It is the basis for Rome Cable's leadership as an independent manufacturer of wires and cables.

There's a real story for you in "The Story of Rome Cable Corporation." Send for your copy today.



"... 'by cutting down the time our men spend on the road, we increase time they can spend on the job'..."

COMPANY PLANES starts on p. 70

of flights and priority for use are controlled by A. P. Bowman, company traffic manager.

• More Air-Minded—A Case executive can't just elect to take a company plane rather than use the scheduled airlines. If there's scheduled air service where he wants to go, he flies commercial. As a matter of fact, Case has gotten more air-minded and pays more airline fares since it bought its own planes.

Before the company had a plane of its own, Case officials carried about 30 air travel cards; today, they have more than 300 cards. What's more, 85% of the new card holders had their first airplane ride in a company plane.

Morrow, who is chairman of the board of the Corporation Aircraft Owners Assn. (200 company members), points out the time-saving made possible by company planes.

"There's a shortage of skilled people," he says. "If one of our men has to spend half his time just traveling, we're using only half his effective skill. By cutting down the time he has to spend on the

road, we are increasing the time he can spend on the job."

• Special Duties—Besides saving travel

planes are handy in cases like this:

• A big combine broke down in a Texas wheat field, threatening the farmer with partial loss of his crop. A plant engineer was flown to the site and, when he found out what was wrong, the needed part was flown, too. The combine was back in action within two days.

time and meeting emergencies, the

• Ill or injured employees or members of their families often need a quick trip to a medical center. Case planes made 55 such trips in 1951, many of them from plant towns to the Mayo Clinic at Rochester, Minn.

I. Fast-Growing Business

Company ownership and operation of planes is probably the fastest-growing segment of aviation. Figures on company planes are hard to segregate from those used by, say, crop-dusters, but a survey by the Corporation Aircraft Owners Assn. shows that fully 800 companies own more than 1,700 multiengine planes, and lots more own single-engine jobs.

The fleet of multi-engine planes alone exceeds by 300 the combined fleets of the scheduled airlines and the biggest nonskeds. Altogether, companies own



How a <u>single keyboard</u> gives you double savings on accounting costs

SAVE BY TOUCH-METHOD SPEED. Your accounting records are posted faster because this simplified keyboard does not require the operator to look repeatedly from posting media to machine.

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PRODUCTION DOUBLED WITHIN ONE MONTH

A company manufacturing a consumer product called in Trundle Engineers to install a production control program to improve service and better utilize facilities. The study and resulting recommendation involved four steps:

- Analysis of open orders and determination of preferred sequence requirements.
- Preparation and issuance of balanced production schedules.
- 3. Dispatching and control of work, in relation to schedules set up.
- Material control—covering raw materials, work in process, finished goods in warehouses.

Within one month after installation of this program, production was doubled—rising from 2,200 to 4,400 units per day. Manufacturing costs were substantially lowered through a 50% reduction in the work-in-process inventory—and by distributing burden expense over more units in less time.

For Profit-Minded Executives . . . The success of this program resulted in further Trundle Engineering studies for this company; the best proof of profitable results. It is significant, we believe, that since its founding 34 years ago, Trundle Engineering has averaged over six jobs per client.

Trundle works as a "team" with your executive staff—on problems involving Management Methods, Marketing, Manufacturing, Engineering and Industrial Relation functions. May we give you more information on whom we serve, and how we might serve your company? Write or phone The Trundle Engineering Co., 908 Bulkley Building, Cleveland 15, Ohio.

THE TRUNDLE ENGINEERING CO.

AND TRUNDLE ASSOCIATES, INC.

CLEVELAND . OHIO

NEW YORK - WASHINGTON - CHICAGO

"... you don't have to be either an aviation fanatic or as big as General Motors Corp...."

COMPANY PLANES starts on p. 70

nearly 10,000 planes of all types. And the fleet is growing by big jumps—somewhere around 1,200 planes in the past year. Piper Aircraft Corp. reports that 80% of its planes in 1951 went to businessmen, farmers, and ranchers, compared with only 13% in 1947. Other manufacturers are having similar experiences.

• Big Spending—To find use for a plane or two, you don't have to be either an aviation fanatic or a General Motors Corp. Plane-owning companies range in size all the way from GM down to one-man operations. They're buying planes, parts, and equipment at the rate of 550-million a year. And they're spending \$100-million a year for maintenance and operation.

Some companies own planes but don't operate and maintain them. For example, U. S. Steel bought three Super DC-3's from Capital Airlines not long ago and put the airline under contract to maintain and operate the planes. Capital provides flight crews.

• Flying Time—Company-owned planes flew more than 2-million hours last year, a 21% increase over 1950. The figure accounts for nearly one-quarter of the 8½-million noncommercial flying hours for 1951, and it stacks up favorably against the 2½-million hours flown during the year by commercial airlines. The 800 companies that own multiengine planes use them, on the average, 500 to 600 hours a year.

Safety records on business flying are sketchy. As in figuring the number of planes in company use, it's hard to segregate the figures. But most insurance companies consider company planes a good risk, as safe as any in the aviation category.

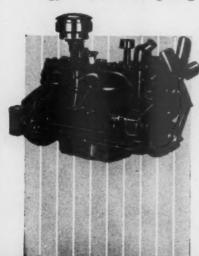
II. No Ideal Plane

Companies own lots of single-engine planes. That's the only type of plane some companies can afford or can use effectively. The most popular type of plane for the executive, though, is the twin-engine, fully instrumental ship-big enough to carry all the navigation gadgets and to provide a few comforts, small enough to operate out of local airports close to company plants. (Case Co. planes visited 240 cities in 1951, of which 168 had no scheduled air service.)

• For Every Purse—Planes in company service range mostly from the littlest \$3,000 Piper to the \$100,000 D-18



damaging clutch shocks eliminated by Chrysler gýrol fluid coupling



Replacing worn out clutches on fork trucks once made maintenance costs a troublesome problem. Then a leading manufacturer of material handling equipment brought the problem to Chrysler Industrial Engineers. They suggested gyrol fluid coupling on Chrysler Industrial Engines to eliminate shock and prolong equipment life. gyrol fluid coup-ling practically eliminated clutch maintenance, increased efficiency of the fork truck, and contributed greater smoothness in operation.

This is one more example of how Chrysler Industrial Engines are being engineered to do specialized jobs better. Wherever gasoline power is used for industrial purposes you will find many

Among the scores of special features available in Chrysler Industrial Engines are superfinished wear surfaces, sodium cooled exhaust valves, chrome top piston rings, updraft or downdraft carburetion and gyrol fluid coupling.

Chrysler Industrial power is not expensive. Production-line methods adapted to specialized industrial engine building, provide a custom-built industrial engine at mass production prices.

See a Chrysler Industrial Engine Dealer. Or if your problem is special, write us direct: Industrial e Division, Chrysler Corporation,

CHRYSLER Industrial Engines



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You'll be surprised how reasonably the Kelite Hi-Volume Model HD Steam Cleaner shown can be yours. Dollar for dollar it delivers more cleaning capacity than

any other machine in America ... handles hundreds of cleaning jobs unbelievably fast and thoroughly ... and more economically than any other method you can use. Why not-at least-find out how, and how much? Write for your free copy of Bulletin 101 now.



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The answer to this problem thousands of others have found - is PRODUC-TROL

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Available for Assembly, Sales Statistics, or one of the other many and varied applications, Produc-Trol eliminates the time-waste and inaccuracies that hamper executive de-cisions. Send the coupon today — let us show you how Produc-Trol can save time and money - and increase efficiency in your entire operation.

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"Effective Tools for Effective Management

State

". . . piloting takes diplomacy—and manners of a well-trained chauffeur . . ."

COMPANY PLANES starts on p. 70

Beecheraft or Grumman amphibian. But they don't even level off at that price ceiling.

Four Convairs are privately owned -and they each cost between \$500,000 and \$1-million. The Chicago Tribune's Col. Robert R. McCormick flies a four-engine B-17; oilman Glenn Mc-Carthy has a four-engine commercial Boeing, and Gen. Jimmy Doolittle of Shell Oil Co. jockeys a converted wartime B-25 bomber.

· Need Development-With all the variety of planes on the market, savs Cole Morrow of Case Co., "there isn't any that's ideal for company use." Morrow thinks the industry has overlooked a good bet in not developing specific executive aircraft earlier-before everyone was tied down with military production.

Morrow believes there's a big untapped market for suitable new planes. Twenty thousand corporations are rich enough to own planes, he says, and most of them would want multi-engine planes for safety and all-weather performance. Yet only 800 companies now own such planes.

The market for gadgets is big, too. Corporations have the money-and the urge-to buy anything that will help their planes operate to all fields, in all weather. After all, the chief value of a plane to a company is to get a man or a piece of equipment to a point that can't be reached quickly by ordinary means of transport. One Case pilot last spring logged 22 instrument landings in one month, Morrow says, and he had never been to nine of these fields before in his life.

· Gadgets and Men-That kind of flying calls for magic instruments and skilled pilots. So it's not surprising that Sperry Corp. sold 90% of its first year's output of the Zero Reader, an instrument landing device, to company air-craft. And it's not surprising that companies are offering fancy inducements to expert pilots. According to Morrow, one company assures a job at not less than 60% of salary to a pilot who has to give up flying after five years with the company, and at 100% of salary to one who has been 10 years with the

Morrow says that the job of company pilot is tougher in some ways than commercial or military flying. It calls for all-weather flying to strange and often primitive airports. It calls for readiness at a moment's notice, 24 hours a day. And it calls for diplomacy, resourcefulness, and-for some of the brass-the manners of a well-trained chauffeur.

City .



Johns-Manville Asbestos Movable Walls are made of noncritical materials. They permit the quick, easy space changes vital to today's rapidly expanding industries.

 Reallocation of existing space and partitioning of new space can be done easily and quickly with Johns-Manville Universal Movable Walls. Made of asbestos, these walls are ideally designed to help business and industry meet the space problems involved in the defense effort.

The flush panels have a clean, smooth surface that's hard to mar, easy to maintain, and are extra strong to withstand shock and abuse. They're light in weight, easy to erect and relocate. The "dry wall" method of erection assures little or no interruption to regular routine.

Johns-Manville Walls may be used as ceiling-high or free-standing partitions. The complete wall, including doors, glazing and hardware, is installed by Johns-Manville's own construction men under the supervision of trained J-M engineers—responsibility is undivided.

An estimate will convince you that the cost of J-M Movable Walls compares favorably with other types of wall construction. For full details, write Johns-Manville, Dept. BW, Box 158, New York 16, N. Y. In Canada, write 199 Bay Street, Toronto 1, Ontario.



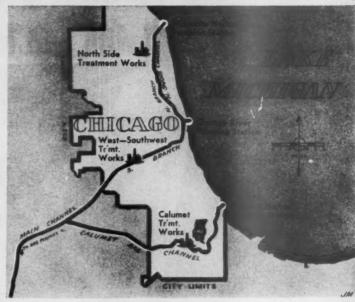


INSTALLED NATIONALLY BY JOHNS-MANVILLE





GOVERNMENT



SEWAGE SYSTEM of Chicago's Sanitary District makes the city's sewage water pure enough for industrial use, so

Tying Sewage Disposal

For something like 75 years, Chicago has been trying to figure out what to do with its sewage. As fast as it solved one problem, it ran into another.

First the sewage polluted the city's water supply, Lake Michigan, and started a typhoid epidemic. With some monumental engineering, the city reversed the flow of the Chicago River and sent everything draining off to the south. But then the downstream towns began to how!. To quiet them, Chicago started treating its sewage—and found itself losing money on the deal.

• The Combination—Now, the Sanitary District of Chicago, the largest sewage disposal and treatment system in the world, thinks it has the problem licked. For the past two years, it has been playing a combination of modern plant, tight-fisted operation, and close cooperation with industry. As a result, it can not only show declining costs; it is picking up an increasing amount of revenue from two sources:

 Rental of promising plant sites along its canals. With the water cleaned up, these properties are valuable locations instead of just the banks of an open sever. Sale of sludge from its sewage treatment plants as fertilizer.

• Methods—Last week, the district gave an example of how it has been cutting costs: It substituted diesel for steam locomotives on its 15-mi. plant railroad. This will lop \$45,000 off the district's yearly operating expenses.

District President Anthony A. Olis can name some other achievements his outfit has chalked up during the past

two years. It has:

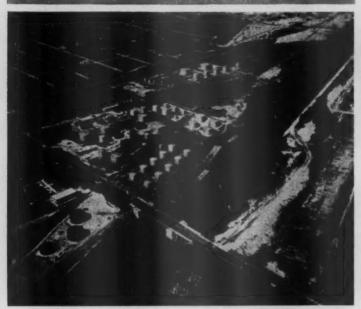
• Cut the number of fulltime employees by more than 100, part-time employees by more than 700. Present payroll includes 1,867 fulltime people and 368 part-time. Thus, despite wage increases averaging about 10%, payroll costs have gone up only 4%.

Removed its purchasing department from political control. Buying is now handled by a professional purchasing agent recommended by civic or-

ganizations.

• Brought the level of sewage treatment up to 89% efficiency. This is about as high as you can expect from any sewage treatment system.

• Pork Barrel-Chicagoans regard all this as something of a miracle. It's a



PLANT SITES along the canal are attracting industry, fattening the district's revenues. It also sells dried sewage as fertilizer, while . . .

to Industrial Development

far cry from the "whoopee era" of the 1920s.

Typical of its activities back then was the incident of the bridle path. One day the district decided to have the cinders from its power plants hauled away. It paid a contractor to do the job. Then it paid the same contractor to dump the same cinders on a three-mi. path alongside one of its canals. Cost of this was \$2.60 a yard, but the path still didn't look elegant enough for the district commissioners. They proceeded to install lampposts every 300 feet along the way, at a cost of \$1,200 apiece. The bridle path cost Chicago taxpayers—only a few of whom knew how to ride a horse—about \$1-million.

 Beginnings—The Sanitary District was about 20 years old at that time.
 It was conceived out of a disaster that occurred in 1885.

In that year, Chicago had the heaviest rainstorm in its history. Over 6 in. of rain fell during two days in August. The water cleaned out the city's sewers, streets, and catch basins, and dumped everything into the Chicago River. The river, in turn, unloaded into Lake Michigan.

Chicago's water supply comes from intake pipes in the lake. These pipes are located far enough out so that, in the old days when Chicago passed its sewage into the lake, the pollution would either settle to the bottom or be well diluted by the time it reached the intakes. After the 1885 rainstorm, however, so much sewage poured into the lake so fast that it got out to the intakes in abnormal strength. The result was that Chicago was hit by a plague of typhoid fever.

 Remedies—Within days after the flood, a commission was appointed to study the problem. The obvious solution was to stop dumping sewage into the lake. But how?

After picking up and dropping several ideas, the commission finally came up with a workable plan: There was a point near Lockport, Ill., not far from the outskirts of Chicago, where the Chicago River passed within 28 mi. of the Des Plaines River. The two rivers flowed in opposite directions; the Chicago northeast into Lake Michigan, the Des Plaines southwest into the Illinois River and eventually into the Misssissippi. The thing to do, the commission

steel SASH



can be saved

From a simple job of reglazing or repainting to a major repair of badly warped or bowed sash, Tremco methods substantially cut maintenance costs.

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effective results
at substantial sevings. Tremco Man
J.L. Fahey expertly
planned this lowcost sash saving



job for Eberhard Faber Rubber Co., Newark, N. J. A trained Tramce Man like him is located near you.

at low cost



Costly to replace rusted and bowed steel sask was saved by welding in new members. Warped ventilators were tightly fitted, using Tremco's low cost methods. Complete re-setting of gless was avoided by Tremco "needle glazing". Painting with Tremco antirust compounds stopped further deterioration. Result: Weather-tight windows and improved appearance at a substantial savings. There is no obligation for Tremco Manniapsetion and advice. The Tremco Manniacturing Company, Cleveland, Ohio, or The Tremco Manniacturing Company (Canado) Ltd., Toronto.

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No investment required. Get complete service on a low-cost basis. Under "Towel Supply Service" or "Linen Supply Service" in the telephone book, you'll find your suppliers-call them today!

You can rub and rub to your heart's content-even with a heavy beard, cotton towels will not shed or leave a trail of residue on your skin.

WHAT PICKS YOU UP, PICKS UP YOUR EMPLOYEES. When you provide clean cotton towels, workers get added benefits from their rest periods. Watch efficiency, production, and morale climb when "Cotton Fresh-Up" is on the job.

Linen Supply Association of America and NATIONAL COTTON COUNCIL 22 WEST MONROE STREET, CHICAGO 3. ILLINOIS "... sanitary engineers went to work on a sewage treatment project . . ."

SEWAGE starts on p. 78

decided, was to (1) cut a channel connecting the two rivers, and (2) reverse the flow of the Chicago. This way, the Chicago would draw water out of the lake, pick up the city's sewage, and carry it down into the Des Plaines.

The Sanitary District of Chicago was set up formally in 1889. It took over the job, dug the canal into the Des Plaines, built pumping stations to keep the Chicago River flowing away from the lake. The reversed river now forms what's known as the "main channel" (map, page 78). As the city got bigger and the amount of sewage increased, the district dug extra canals from the lake to the river-the Calumet Sag Channel and the North Shore Channel. This extra water kept the sewage diluted and kept it flowing fast through the channels.

• Troubles-Then a new problem cropped up. Towns downriver along the Des Plaines and Illinois took a dim view of having Chicago's waste matter flow past their windows.

Other objections came from people who lived or traveled along the district's canals. Chicago was growing fast both in population and industry. Even with 10,000 cu. ft. of Lake Michigan water pouring into the system every second, the sewage wasn't dilute enough.

So the city's sanitary engineers went to work on a sewage treatment project. The first plant went into operation in 1921; others followed in 1922 and 1928. This made the canals sanitary again, and also appeased the downriver towns.

· More Troubles-But still the district's troubles weren't over. Another problem

cropped up in 1930.

At that time, Chicago's method of sewage treatment was to filter the waste matter out of the water, haul it on land, dry it and process it, and dump the sterilized sludge back into the canals. This method works fine if you have enough water to dilute the sludge and carry it away swiftly. If you don't, the sludge soon becomes just as rank and unsanitary as it had been before you treated it.

Chicago's 10,000 cu. ft. of water per second was enough to keep its canals sanitary. But in the late 1920s, the water level of Lake Michigan began dropping-and with it the levels of Lake Huron and Lake Eric. Neighboring states blamed this on Chicago's drawing the water into its canals. Eventually, in 1930, the U.S. Supreme Court ordered the Sanitary District to cut its water diversion to 1,500 cu. ft.

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The savings in bookkeeping are typical: a unique single-posting system is followed ... 100% duplication of effort is eliminated ... bookkeeping machine requirements are reduced as much as 40% ... stationery costs. 50%.

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This enables the bank to improve and expand its services to commercial and individual accounts. For example, if cancelled checks are lost—and questions arise—the whole story can be reviewed in a Recordak Film Reader; and if facsimiles of the missing items are needed to help substantiate payments, they can be produced directly from the bank's microfilm records.

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Regardless of its type or size, you should investigate Recordak microfilming soon. For the chances are this truly remarkable photographic process is already simplifying filing and accounting routines which are similar to yours . . . doing a more efficient job as a fraction of your present costs.

Write today for detailed information on the process . . . and the complete line of Recordak Microfilmers now offered on a surprisingly low-cost purchase or rental basis. Recordak Corporation (Subsidiary of Eastman Kodak Company), 444 Madison Avenue, New York 22, N. Y.





in WIRE ROPE, too, the RIGHT KIND of muscle makes the difference

Endowed with highly specialized leg muscles, the kangaroo is able to make tremendous flying leaps —even with Junior perched in the rumble seat.

In wire rope, too, specialized jobs call for specialized muscles. That's why in Wickwire Rope we make sure you always get the proper combination of physical properties to best resist the destructive forces found on your particular job—whether they be abrasion, load strain, shock stress or bending fatigue.

Wickwire Rope gives you the benefit of long experience and specialized know-how which assure you of exactly the right kind of rope your particular job demands. See your Wickwire Rope distributor or contact our nearest sales office.

RBPE

A YELLOW TRIANGLE ON THE REEL IDENTIFIES WIRE ROPE

THE COLORADO FIEL AND IRON CORPORATION — Abilene (Tex.) « Denver « Houston » Odesso (Tex.) » Phoenix « Soit Luke City » Tutsa

THE CALIFORNIA WIRE CLOTH CORPORATION — Los Angeles « Ookland » Pertiend « Son Francisco » Seettie » Spokane

WICKWIRE SPENCER STEEL DIVISION — Boston « Buffala » Chettanaoga « Chicaga » Detroit » Emionton (Pt.) » New York » Philadelphia

WICKWIRE ROPE

THE COLORADO FUEL AND IRON CORPORATION

"... capital outlay went from \$17.4-million in 1947 to \$36.2-million in 1950..."

SEWAGE starts on p. 78

per second-less than one-sixth of what the district figured it needed.

 Costly Job—The only thing to do, after that, was to set up a treatment system that required no dilution of sewage at all.

The shift to full treatment of sewage sent the district's bond load and operating costs—and, consequently, taxes—skyrocketing, By 1942, sewage taxes were up to 86¢ for every \$100 of assessed valuation on real estate.

World War II put a quick stop to this improvement program. Taxes slid down to 21¢ per \$100 in 1946. But when the war ended, the program went into high gear again. And not only did the system have to be improved; it had to be expanded as well. Chicago had gained new population and new suburbs; more sewage lines had to be built, existing treatment plants beefed up. Capital outlay went from \$17.4-million in 1947 to \$36.2-million in 1950. This year, it's expected to run around \$19.4million, followed by a fairly rapid slopeoff in the next few years. The treatment system is now big enough to absorb plenty of metropolitan growth.

 Extras—To put as small a burden as possible on taxpayers, the district has been looking around for ways of making

With the sewage treatment plants operating, water in the canal is pure enough for industrial use. Plant sites along the canal have been going like hoteakes during the past few years.

Other cash-raising ideas have had to be actively developed. Looming large right now, for instance, is a plan based on the fact that dried sludge from the treatment plants contains a high percentage of vitamin B-12. This is the vitamin that makes livestock grow faster on less feed.

The district trustees have voted \$5,000 to the University of Illinois' College of Agriculture for experiments with the idea. For several months the experts have been feeding hogs, which will cat anything, on a diet containing 2% sludge. Last week Dr. B. Connor Johnson, professor of animal nutrition, reported that the mixture is more effective than ordinary crystalline B-12.

Because of this, the district's trustees think that sales of sludge as fertilizer and feed—together with industrial rentals—may one day almost equal operating expenses. When that happens, they figure Chicago taxpayers will strew the drainage canals with roses.



Story of a Reliefer that became the No. 1 Starter

T CAN HAPPEN with machines as well as men. Ask the Powers Regulator Company of Skokie, Ill. —manufacturer of automatic temperature and humidity control systems.

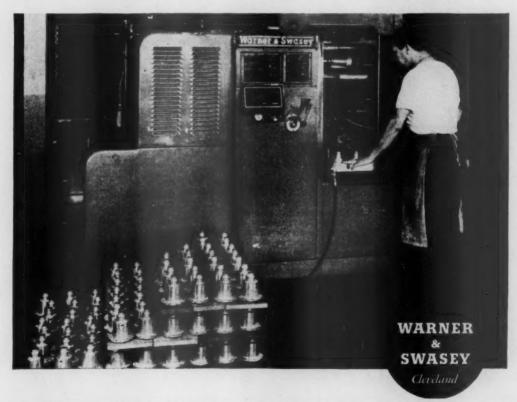
Powers Regulator, like many companies these days, was faced with the necessity of increasing production of a battery of turret lathes, some of which needed replacement. They also wanted to call in some of their subcontracted work. So they bought a Warner & Swasey 1-AC Single Spindle Automatic to

help take the pressure off their hand-operated machines.

This company soon discovered that they had never fully realized the tremendous work potential of the 1-AC. It kept taking over more and more turret lathe work—increasing the production on some of the more complex pieces as much as three times. So the company scheduled the 1-AC for additional shifts—still more work.

Today the machine is running three 8-hour shifts, 6 days a week. It has eased the load on the turret lathes—and the company has recovered work previously subcontracted. They now have another 1-AC on order.

This story is not unusual. The 1-AC's quick setup and extreme accuracy make it ideal for increasing production on many turret lathe jobs—while requiring less skilled operators. And its advantages as an automatic cuts costs on short and long run jobs. But find out how the 1-AC will boost profits in your plant—call in our nearest Field Engineer for all the facts.



YOU CAN PRODUCE IT BETTER, PASTER, FOR LESS WITH WARNER & SWASEY MACHINE TOOLS, TEXTILE MACHINERY, CONSTRUCTION MACHINERY



when a new President comes in, but . . .



TOP MEN like Secretary Lovett resign RANK AND FILE workers in government departments are mostly under civil service or similar merit systems. They stay in their jobs no matter who wins.

WHOEVER BECOMES PRESIDENT

The Victor Won't Get Many Spoils

When a new President takes office next January, he'll have less patronage to hand out than any other chief executive since Chester A. Arthur. The number of government jobs has multiplied astronomically since then, but the umbrella of civil service has spread its protection wider and wider.

Of the more than 2-million government jobs from top to bottom, the next President and Congress will have a mere 2,000 or less to reshuffle.

· Spoils on Downgrade-Presidential patronage has been shrinking ever since 1883. That was when the 47th Congress, with the memory of Garfield's assassination still fresh, passed the first civil service law.

In 20 years of Roosevelt-Truman administration, civil service has been expanded to all but a big handful of government employees. In some departments and agencies, this protection doesn't carry the name of civil service. But their own merit plans have the same effect.

One way or another, most of the rank-and-filers are secure from patronage changes by a new President. Federal attorneys and marshals-once favorite spoils jobs-are under four-year terms; they can, of course, fail of reappointment. Collectors of internal revenue are all under civil service, except for the director in Washington. Post-masterships, formerly the most abun-dant plums of all, are filled by selection from a civil service list.

· What's Left-The President still has an open choice of his policy-making people: his Cabinet, his White House retinue, his National Security Council, his Council of Economic Advisers.

He also has control over who shall be chairmen of most of the various regulatory agencies, though he can't overturn the lineup of the commissions. He has to wait for ends of terms, for deaths, or for resignations. Of course, he can put on a little pressure for the last of these outs, and custom is on his

Then, too, there are a lot of administrative jobs in the executive department that have broad influence on policies. Even at the policy-making level, the President doesn't have a completely free hand, though. Ground rules say that career diplomats and career civilians at the Pentagon can't be booted, though they may be shuffled.

I. The Departments

Here is a rundown on the status of the various executive departments under a new President:

State. Secretary Dean Acheson will leave in January, no matter who wins the election. The undersecretary, two deputy secretaries, eight assistant secretaries, 58 ambassadors, and 14 ministers are all replaceable, though some would revert to their positions as career diplomats.

Treasury. Secretary John Snyder intends to leave even if Stevenson is elected. The undersecretary, two assistant secretaries, and the general counsel can also be replaced.

Defense. Secretary Robert A. Lovett (picture) has already said he will quit. Deputy Secretary William C. Foster will probably leave, too, regardless of who wins the election. On the other hand, chances are the new President

couldn't afford to replace Wilfred J. McNeil, a career man who is assistant secretary and comptroller-he knows more about defense spending than anyone else in Washington. Assistant Secretaries Anna M. Rosenberg (manpower) and Charles A. Coolidge legal and legislative) probably would be replaced.

All the civilian brass in the Army, Navy, and Air Force departments are vulnerable to change

Gen. J. Lawton Collins, Army chief of staff, has one more year to go on a four-year term; he could be reappointed to a full or interim term. Adm. William Fechteler, chief of naval operations, is serving a four-year term ending August, 1955. Gen. Hovt Vandenberg, Air Force chief of staff, has a fouryear term, too, but he got an extension of another year from President Truman.

On the Joint Chiefs of Staff, Gen. Omar N. Bradlev has a two-vear term as chairman, expiring next year. He can be reappointed at the pleasure of the President.

Justice. Attorney General James P. McGranery will go, for sure. So will the solicitor general, deputy attorney general, and five assistant attorneys

Post Office. Postmaster General Jesse Donaldson is a career man who might survive if Stevenson is elected, but not if Eisenhower wins. That is traditionally the superplum of politics. If the top man changes, the deputy postmaster general and three assistants will also change.

Interior, Secretary Oscar L. Chapman is campaigning for Stevenson and should survive if his man wins; other-





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Upper and lower falls of the Yosemite, highest in North America, lowering 1,750 feet-less than the maximum lift you can make with a single Conveyor Belt.

GOODYEAR INDUSTRIAL RUBBER PR

-Specified COMPASS STEEL C.

72 drive pulley

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g conveyor belts?



Remember Your Geometry? Most of it was discovered by a smart Greek named Euclid—the man who told us, thousands of years ago, that the shortest distance between two points is a straight line. But where deep mines are concerned, that straight line runs on a slope—from the diggings to a surface-located tipple. And that poses a question—how high can you lift a load with a conveyor belt?

Time was when the answer was "not very high"—only a couple of hundred feet or so. But that was before the G.T.M.—Goodyear Technical Man—developed a conveyor belt construction that sinews the belt with a single layer of high tensile steel cables in the heart of the belt, insulated and protected by rubber and plies of heavy fabric. Called "COMPASS Steel Cable Belts"—these conveyor belts pointed the way to new record lifts.

Year by year, mine operators have been going deeper below ground—lifting greater loads to greater heights. With a series of these belts—one passing its load along to the next—there is no limit to the height you can climb. Even one belt can reach higher than Yosemite Falls, with a continuous stream of material adding up to a tremendous tonnage.

Moving huge tonnages to the surface in the shortest space of time has always been the secret of economical and profitable mining operations. So it isn't very hard to understand how it happens that the G.T.M. has belted 16 of the top 19 slope lifts on record—including the three world's record lifts. Yet today's record installation shown in the blueprint will be dwarfed tomorrow—thanks to the G.T.M.-developed COMPASS construction.

If you have a mine, it will pay you to look into slope conveyors to handle your output. For above-ground operations, conveyor belts can help you to more economical, more profitable operations, too—over many miles, or inside your plant. So get in touch with the man who knows conveyor belts best—the G.T.M.—by writing Goodyear, Mechanical Goods Division, Akron 16, Ohio.

LOOK FOR YOUR GOODYEAR INDUSTRIAL RUBBER PRODUCTS DISTRIBUTOR in the yellow pages of your Telephone Directory under "Rubber Products" or "Rubber Goods." He handles Hose, Flat Belts, V-Belts, Molded Goods, Packing, Tank Lining, Rubber-Covered Rolls built to the world's highest standard of quality.

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wise, no. Also vulnerable are an undersecretary and three assistants.

Agriculture. Secretary Charles F. Brannan is slated for the gate, along with the undersecretary, assistant secretary, and top administrators of marketing and production agencies.

Commerce. Secretary Charles Sawyer is quitting, whether or no. The President will also fill two undersecretary posts and two assistant secretaryships

Labor. Secretary Maurice J. Tobin will go, and there'll be an undersecretary post and four assistant secretary posts to fill.

II. The Agencies

Equally important to businessmen are the administrators of the long line of federal agencies. Here's how they stand:

Munitions Board. Chairman John D. Small, an executive vice-chairman, and three vice-chairmen are all subject to replacement. They have no fixed terms.

Renegotiation Board. This independent agency established in 1951 is governed by a chairman and five other members. All can be replaced.

members. All can be replaced.

Federal Reserve Board. Members are appointed to 14-year terms, one expiring every two years. There'll be no vacancy this winter. But it's customary for the chairman to resign—only as chairman, not as a board member—when a new President comes in.

Federal Deposit Insurance Corp. One member of the board is automatically picked when the President appoints a controller of the currency. The other two members started in August, 1951, on six-year terms, but it's customary—not mandatory—for them also to resign when a new President takes office.

Securities & Exchange Commission. Five members serve five-year terms, one running out each year. The chairman is picked by the President, but members don't customarily resign at a change in the presidency.

Federal Power Commission. Chairman Thomas C. Buchanan is now serving under interim appointment. Four other terms expire from next June to June, 1956.

Federal Trade Commission. If Eisenhower wins, there'd be a replacement for Commissioner John Carson, whose term expires this week, and Chairman James M. Mead would step down from the chair. But Mead and the three other commissioners would stay on until their terms expire.

Federal Communications Commission. Chairman Paul Walker's term expires next year, and he'd resign if the Republicans won. This week's resignation of Robert F. Jones leaves a 2-year interim appointment to be filled. Do you use films in your business?

New ultra-simple RCA "400" projector makes film showing 4 ways easier!

So simple you can...

- 1. Set up in 2 minutes
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You get all this ease of operation...
plus the clearest picture and the sweetest sound you've ever seen and heard
on any 16mm projector. Quality projection... the kind that puts added
impact into your sales story or training message.

No more last-minute failures

This projector is built for business...
for fast, easy, reliable operation under
rough commercial usage. Both projection lamp and exciter lamp can be
replaced in just seconds. It's easy on

the film, too. You can project the same film 50 or 500 times without appreciable wear or damage to film.

Try RCA "400" in your business

Before you buy any projector, try RCA. Set it up. Thread it. See the brilliant RCA picture. Hear the rich clear RCA sound. Pack it up. Carry it. Then compare it with any other projector on the market. You'll quickly see why it's the growing favorite with businessmen everywhere.

More details? Mail coupon TODAY!

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Radio Corporation of America, Camden, N. J.
Without obligation, please send me full story on the
new RCA "400" projector that I can set up in 2 minutes,
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You'll likely want to know more about GRDA's "package deal" for industry. The story is told fully in an attractive brachure. Address request to

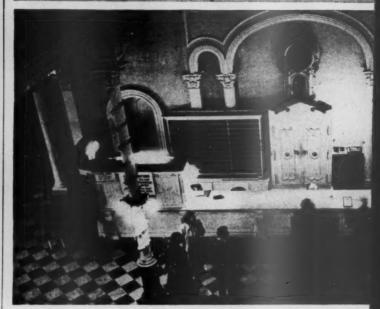


GRAND RIVER DAM AUTHORITY

AN ADDRESS OF

VINITA, OKLA.

BUSINESS HISTORY



MARBLE REGISTRATION DESK in lobby of famed old Saratoga hotel is one vestige of



PIAZZAS extend for nearly a mile on front, back, and both sides of Grand Union.

Last Days

Old Gideon Putnam never dreamed of what he was starting back in 1802. As far as he was concerned, the three-story wooden hotel he built just made sound business sense. He was sure that Saratoga Springs, N. Y., had a profitable future as a health and summer resort; already more and more people were coming to get the benefit of the spa's mineral springs. So he put up Putnam's Tavern to give them a place to stav.

• Good Guess—Gideon Putnam proved to be a shrewd businessman: He made a handsome living and so did his widow after him. The Tavern seemed to be an ordinary inn, pretty much like scores of other springing up around the youthful United States —except that it was more prosperous.

For Putnam's Tavern turned out to be anything but an ordinary inn. Instead, it was destined to expand, to change ownership and name several times, to be rebuilt and expanded again until it was the biggest, most fabulous, and most famous hotel of its era. And it would not be until almost exactly 150 vears after Putnam's Tavern first opened its doors that those of its descendent, the Grand

BUSINESS WEEK . Sept. 27, 1952





the dignity and glitter during the .

of the Grand Union Hotel

Union Hotel, would close for good.

• Big and Lush—The grandiose physical layout was due to A. T. Stewart, a New York City merchant. Stewart bought the property in 1871 for \$532,000, set about a real expansion program. By 1875, he had the great new structure virtually complete and as it was to stand from them on. Now the hotel had a frontage on Broadway of 450 ft., wings running back from each end nearly a quarter of a mile. Landscaped gardens lay between the wings.

To the people of the day, this hotel, whose every detail followed the elaborate Victorian design then popular, was "the purest magnificence." In size and glitter, the Grand Union stood as a perfect symbol of as gaudy and lavish an era as the world has seen. Then the world's largest hotel, it had 850 sleeping rooms, a dining room 306 ft. long and 70 ft. wide, capable of seating 1,000 guests, a mile of broad piazzas.

 Crystal and Marble—It had luxury as well, in almost every nook and cranny. Tons of marble gleamed in the impressive lobby, in the ballrooms, from the tops of bureaus in every room. Crystal chandeliers glittered over guests while they ate the best of foods and drank the best of wines; or while they danced to America's most famous orchestras.

• The Heyday—This extraordinary hotel was bound to attract extraordinary people—and it did. Gen. Ulysses S. Grant was a frequent guest; so were composer Victor Herbert and actor John Drew. Here the beauteous Lillian Russell, worshipped by all America, had a permanent suite—No. 213.

The last quarter of the last century—particularly the nincties—marked the heyday of the Grand Union. Now horse racing had come to Saratoga, bringing even more wealth. But as the Victorian era began to fade, so did its major symbol. Gradually the Grand Union became more and more run down.

• The End Comes—This year its present owners, a group of businessmen in nearby Glens Falls, put it up for sale again. But nobody wanted it as a hotel; instead, it was sold to be torn down to make room for a shopping center. So at noon on Aug. 31, 1952, at the end of the racing season, the Grand Union Hotel closed its doors for good. And last week, the agonizing work of destruction of a great but outworn symbol had begun. To see the first step in that process, turn to page 92.





Floor-saving for homes!

It's amazing how noiselessly and easily furniture moves when it is on Bassick Rubber-Cushion Glides. Anyone can attach them in a jiffy. The broad flat base of polished, hardened steel gives smooth, scratch-free sliding, sure protection to floors and rugs. There's rubber between the glide's base and the leg to cushion the load ... an extra safeguard. There's no finer glide made,

and Bassick's are not expensive. Ask for them at your hardware or office supply store.



Money-saving for industry!

You'll save money by using Bassick Casters and Wheels to reduce the "Reducible 30%" (material-handling costs). Bassick "Super 99" Casters make light of medium-heavy loads, shock absorbing Bassick "Floating-Hub" Casters cushion loads, and Bassick "Grooved - Wheel" Casters on angle track efficiently handle loads moved frequently in the same direc-

tion. There are types for every need at your Bassick industrial distributor. THE BASSICK COMPANY, Bridgeport 2, Conn. In Canada: Belleville, Ont.





HUGE PAINTING in ballroom measures 29 ft. 6 in. by 18 ft., has frame 1 ft. 7 in. in width. It was painted by Ad Yvon.



GAIETY and laughter marked garden par-



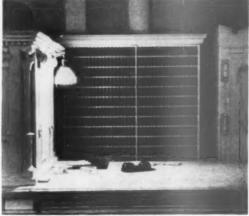
DESERTION was the most evident thing ties at old hotel in its heyday. But . . . in still beautiful gardens after shutdown.



LILLIAN RUSSELL suite is just as it was in her day. This shows its parlor.



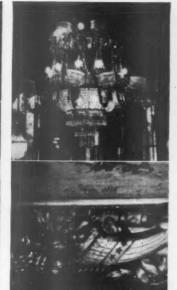
closed, is just a convenient place to sort furniture.

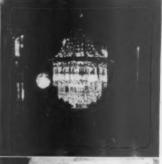


VERANDAH at back of hotel is empty of guests after hotel is EMPTY MAILBOXES behind registration desk are mute testimony to the end of an era of Victorian grandeur.





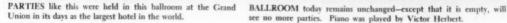






GLITTER OF PAST AGE remains in chandeliers which still gleam proudly, but which soon will go. Lobby clock has already gone; elaborate frame on famed ballroom picture and old wallphones in bedrooms are still there-for the present.







see no more parties. Piano was played by Victor Herbert.

Victorian Atmosphere Lingers On

After last Aug. 31, there quickly came a change in the atmosphere of the Grand Union Hotel. When you entered the lobby, you felt a vast sense of emptiness that had never been there before. The orderly arrangements of chairs on the porches gave way to a jumble, as furniture-thousands of items -was sorted out.

its old trees and lawns, seemed deserted. You could look down the long verandahs, and not see a sign of any living thing. Everywhere, inside and out, there was a murmuring silence, as the hard-headed business of demise got under way.

Yet, in spite of the broad vacant spaces and the sense of decay that parts Even the garden, still beautiful with of the run-down hotel gave, the old

grandeur and dignity still remained. The chandeliers still glittered and the marble still gleamed-just as they had in gaver days. But preparations to de-stroy even this were, out of necessity, actively under way. With the sorting and the cataloging finished, the second step of dissolution went into high gear last week. For how it was done, turn to page 94.



AUCTIONEER H. R. Siegel has big selling job.



BUYER The jammed-in crowds made it hard to bid.



SOLD Furniture was carted off from bedrooms immediately.



NO GENTILITY of old was noticeable in the Grand Union as people pushed and shoved to get what they came for-antiques-as . . .

An Era Goes on the Auction Block

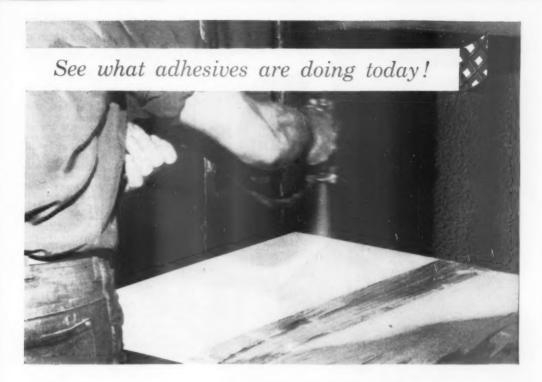
Last week there was life again around the old hotel in Saratoga Springs. But not like the days when the Grand Union made social history. Now, instead of the genteel laughter of ladies in crinoline, there was the businesslike discussion among lady antique dealers of objects up for sale. Instead of the hearty laughter of Victorian gentlemen over cigars and brandy in the bar, there

was the harsh voice of the auctioneer.

• The Breakup—For the first practical step in the breakup of the Grand Union Hotel was the auctioning of its furnishings. The whole lot had been sold to George Siegel, New York textile manufacturer, and to his brother, H. R. Siegel, of Albany, for a rumored \$250,000. They had sold privately some of the more valuable items, including a

grand piano used by the late Victor Herbert.

But last week all the rest—some 500 rooms of furnishings—went on the auction block. Dealers from all over the country came to put in their bids. Probably none of them had ever had such a treasure to bid on; literally thousands of chairs, beds, sofas, mirrors, and marble-topped bureaus were up for



Turning out TV cabinets 100% faster!

For all the miracles of science and engineering wrapped up in a television chassis, the cabinet which holds them was still a hand-made item—until the Crosley Division of the Avco Manufacturing Company found a better method . . . with the help of 3M adhesives.

At Crosley veneered plywood panels are bonded to a welded steel frame with adhesives*. By making cabinets in this fashion, costly hand work is eliminated and cabinet making put on a production line basis.

When Crosley first conceived this technique they turned to 3M for adhesives engineering. Working together, job-engineered adhesives and required production methods were developed. The result is a cabinet of unsurpassed beauty... strength greater than in hand-made cabinets... lower costs... and a production greatly increased!

3M adhesives are the modern solution to many types of fastening or bonding problems, often bringing important savings in cost and a better product. Along with superior adhesives, 3M can also provide you with the engineering services so important to a successful application.

See what adhesives can do for you...

Call your nearest 3M office and have a 3M adhesives engineer give you technical help on your problem. Or write 3M, Dept. 19, in Detroit for a fact-filled 32-page booklet on 3M's engineered adhesives, coatings and scalers.

*U.S. Patent 2562257





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"... to the people of Saratoga, this was more than a catastrophe—it was desecration . . ."

GRAND UNION starts on p. 90

sale. And virtually all of them were straight from the Victorian era.

· Special and Common-On top of that, of course, were the special itemsthe somber, heavy bar against which had pressed the bellies of some of the era's most famous and infamous people; the stately crystal chandeliers; the elaborate sconces. And finally, there were the more commonplace but useful objects like acres of carpets, bedding, scores of wicker chairs, and other items of no antique value.

· Desecration-To the people of Saratoga, this auction was more than a catastrophe-it was a desecration. Said George Siegel: "Why, they've got tears in their eves when they come in here for the auction; they're broken-hearted,

believe me.

And well they might have been. For one thing, they saw things like the beautiful marble counter opposite the registration desk being used for the sale of coffee and sandwiches. For another, the auction showed no vestige of the gentility of old. Held bedroom by bedroom, it brought a crush of people who crowded and shoved as though they were riding the New York subways at rush hour. So jammed were the small rooms that men had to lift each object high overhead so the buvers could see what they were bidding on.

But the Saratogians showed up anyway. They had a last desperate hope of buying something to keep as a memory in their own homes. They didn't get far-competition from the professionals was too great. The auction was all business, and there was no room for senti-

ment.

· Shopping Center-The same thing applied to the hotel itself. When it was put up for sale, no one wanted to take it on and continue to operate it as a hotel. Instead, it was bought by the Grand Union Co., operator of several hundred food markets throughout the U.S. It will raze the hotel, and will replace the Victorian atmosphere with "the most modern shopping center in the East." The only vestige of sentiment came in the company's decision to buy that property because of the name. Said Lansing P. Shield, Grand Union Co. president: "Purchase of the hotel by the Grand Union Co. will carry on a tradition of names.

But to sentimental Saratogians, the name is not enough. Instead, the sale marks the complete end to an institution whose lore can never be matched.



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RUSSELL KELCE'S Sinclair Coal Co. is fifth largest U. S. producer of bituminous. Pershing Mine (above) in Iowa follows Kelce plan of ...

Digging Coal Next Door to a Market

Any day now, Sinclair Coal Co. hopes to start stripping operations at its new bituminous coal Power Mine in west central Missouri. It's a big mine, expected to turn out 350,000 tons of soft coal a year.

Just the opening of the mine isn't national news. What does call for spotlights is that the opening illustrates the whole growth of Sinclair from a modest position in the industry to a 1951 spot as the fifth largest producer of bituminous, and the largest strip mining operation in the nation. In effect, Sinclair reached its 9,368,467-ton production last year by locating possible markets, buying mines near the markets, and then scientifically gearing its production to make the customer happy.

Thus the Power Mine, with rail ties to Kansas City, will turn out a type of coal that's a neat fit for Kansas City Power & Light Co., which is expected to be the mine's largest customer.

• Large Group-Sinclair Coal, with headquarters in Kansas City, is really

the top company, and chief owner, of a confederation of separate mining and selling companies. It is also the main creation of its president, L. Russell Kelce (cover). Kelce, a fourth-generation miner, has gone a long way since he left school to work in the mines and thus bail out a family bereft of support by an injury to his father.

Today, at 54, he's president of half the companies in the roughly 30-unit Sinclair group, chairman of the board of the Chicago Great Western Ry., and a substantial and influential stockholder in the Kansas City Southern Ry. His brothers, Ted and Merl, head most of the other Sinclair units.

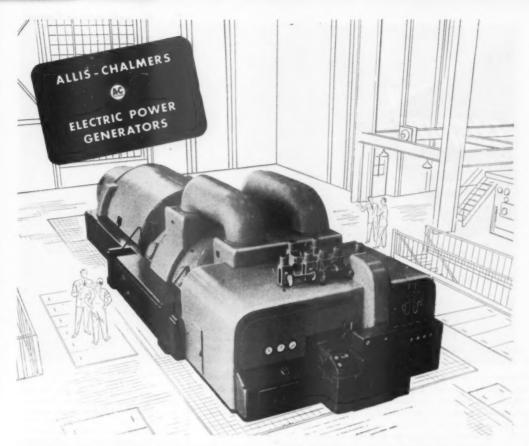
It has long been fashionable to beat the coal industry with the stick of overconservativism, if not downright pigheadedness. With the Sinclair empire, that doesn't go. Parent company and progeny alike are proud of their advanced methods.

Efficiency. Sinclair makes a fetish of smooth, modern, tidy operation. Mine

tipples are spotless in a grubby business. When the company buys a mine, old structures are torn down, the latest-type diggers and equipment are brought in. Clean, new buildings aren't just pretty; they mean a saving of 20¢ per \$100 in insurance coverage—a nice figure with policies running into the millions.

Marketing. Sinclair Coal, and Kelce, refuse to consider coal a declining fuel. Indeed, they are trying to make sure it doesn't decline. Southern Coal Co., the sales arm of the Sinclair group, keeps a group of experts busy making sure that the mines turn out coal which is exactly fitted to the needs of the potential customer. They also see that potential customers are shown how Sinclair can provide them the best possible coal.

Sinclair is also in the forefront of research into the gasification of coal (BW-Feb.23'52,p52), and the development of railroad locomotives burning powdered coal. If either of these gets



Wisconsin Power and Light Company Adds New High-Efficiency Unit – Helps Keep Electric Rates Low

T'HIS Allis-Chalmers steam turbine-generator was put into service recently in Wisconsin's Edgewater plant at Sheboygan, Wis. and makes electricity for surrounding towns, factories and farms.

The generator is another Allis-Chalmers "first." It is the *first ever built* that employs a much improved application of "supercharged" hydrogen cooling.

This new development allows the gen-

erator to be smaller in size than is normal for 60,000 KW capacity and tends to reduce maintenance problems—all of which helps to keep electricity rates low.

This machine works alongside of two earlier-model Allis-Chalmers turbine-generators at this same station and delivers the same amount of electricity as the two put together—thus increasing electricity production for this area by 100%.

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The Dustube increases profit because its simplicity of design reduces the high operating and maintenance costs often encountered with other methods. It traps dust with virtually 100% efficiency, and collected material can be reprocessed without further operations.

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"... the only man in Kansas who traveled that far that fast ..."

SINCLAIR COAL starts on p. 98

out of the experimental stage, it could open a tremendous market.

Using the Squeal. Strip mining leaves in its wake great mounds of overburden—eyesores and useless. Legislative attempts to force the mines at least to bulldoze down the mounds have been rather ineffective. Kelee found a way around that waste. His Sinclair Farms uses planes and helicopters to seed the overburden, thus creating grazing land which it stocks with cattle. The Farms are turning a profit in their own right.

As a side show to the farming, Kelce is letting International Harvester Co. use a 7,600-acre tract of spoil near Joliet, Ill., for testing new earth moving machinery. In the process, the land will be converted into farms and parks.

Ownership. Kelce is a mighty believer in employee ownership. Most of his mine companies are closed corporations, with management men holding chunks of stock and even employees getting into the ownership picture. The railroads in which he is interested are also tending toward employee participation, though they're still publicly held.

Kelce got off to a very fast start in building up this sprawling but efficient empire. When he was 19-just four years after his youthful debut in the pits-he became a mine superintendent. They say he is the only man in Kansas who traveled that far that fast. And only three years later he owned his first mine, raising the needed \$275,000 in a community where he was almost unknown. He cleared the debt in a year.

• Two-Man Team—About that time Kelce began an association with Grant Stauffer which did not end until the latter's death in 1949. Stauffer was the salesman, Kelce the producer of coal. The two prospered greatly. As the coal empire grew, they began to edge into railroading. By 1944, Kelce had heavy interests in the Kansas City Southern, which had been hauling a lot of Sinclair coal for years. In 1947, Kelce and Stauffer bought into the ailing Chicago & Great Western; today, many of the line's ailments are cured.

Since Stauffer died, Kelce has been strictly top dog in the empire. It keeps him busy, but not so busy that he doesn't have time to play as hard as he works. Hunting and fishing are his favorite relaxations; he lives on a 1,000-acre farm outside Kansas City. Last summer the boss made his first trip to Europe! He kept the staff at home busy reading out-size letters about his travels.



... and I don't care who hears me say it!"

In the barber shop, on the street corner, over the backyard fence — you can say what you think in this country. You can write a letter to the editor, climb up on a soap box, or hire a hall.

What's so unusual about that? Sure, it happens every day. But this is the United States, where you don't have to wonder whether it's "safe" to talk in front of the barber, or "keep mum" because you don't know whether the fellow in the chair next to you is constable or congressman, Republican or Democrat, Catholic, Jew or Protestant. The only laws we have to limit what you can say are those which protect the personal rights of the private citizen.

Hold on to this freedom of speech. Never forget that anything which proposes to change our form of government, proposes to take away your right to say what you think.

"I disapprove of what you say, but I will defend to the death your right to say it." — Voltaire.

Norfolk and Western Railway

FINANCE

Reg. X Gone: Will Building Spurt?

- Nationwide survey of mortgage lenders and builders shows this consensus:
- Commercial building may rise considerably as credit curbs are eased—if business stays good.
- On residential housing, little change is expected.

 Money men say they will stick close to the spirit of the old rule.
- Terms of loans will vary; it will be worth while to shop around.

A considerable spurt in commercial building may follow the dropping of mortgage credit checkreins by the Federal Reserve Board last week. Home building, on the contrary, is not likely to be much changed.

That's the consensus of a Business week spotcheck of mortgage lenders and builders through the country.

 Expected—The Fed's action took no one by surprise. It dropped Regulation X just as soon as the Labor Dept. certified that August was the third month in which housing starts dropped below a seasonally adjusted annual rate of 1.2million. The Defense Production Act, which originally empowered the Fed to impose Regulation X, was revised in June to this end.

Regulation X-or "Ax," as some builders call it—was one of the curbs slapped on in the fall of 1950, when credit inflation was pushing all kinds of prices up fast. It set fairly stiff down payments on new residential and commercial construction, applicable also to houses financed on GI or Federal Housing Administration mortgages.

Since that time, there has been a big change in the money market. People have been saving more money than usual and buying lots of life insurance. So even though the insurance companies aren't taking mortgages in the same volume as last year (BW—Aug. 23'52,p96), there's plenty of mortgage money around. But it costs more to borrow. Government and corporate bonds (the other major outlets for long-term money) pay better interest than they did at the time when X was clamped on. Hence you have to provide more attractive terms for mortgage money.

• Commercial—What will mortgage lenders do now that X is gone and they can be more liberal in their down-payment terms? Everybody questioned by BUSINESS WEEK agreed that the major

effect is going to be on commercial construction.

Reg. X compelled people who built new commercial buildings—including non-defense factories—to put up 50% of the money. It also outlawed second mortgages. Now most lenders are likely to go back to the traditional one-third down payment on first mortgages. They can also use second mortgages or (in the case of corporations) sell bond issues to finance a big share, sometimes all, of the costs. This is expected to give a real boost to commercial building—especially as steel supplies ease up next year.

 Homes—On residential housing, the effect will be to make lenders a bit more flexible about terms—but in general they'll follow pretty close to the spirit of X. Mortgage people and builders agree that there won't be much change in residential housing, where annual volume runs about six times commercial construction.

Some lenders probably will offer concessions on cheaper houses, particularly on those financed with CI mortgages. So it will pay prospective house purchasers to shop around. In the \$25,000-530,000 price bracket, the down payment will drop from X's 40% to 35%, and perhaps a little less. On more expensive houses, lenders will usually require more than one-third down. The theory is that a buyer who can afford an expensive place should be able to put up more equiry. Also, high-priced houses are harder to sell at appraisal value if the lender has to foreclose.

• No Cash Down—Here is why the end of Reg. X is likely to have more effect in the commercial field. Suppose you have a commitment from a blue-ribbon tenant to take a long-term lease. You buy the site and put up the building for \$100,000. Suppose the tenant will lease the site for \$8,000 a year "net" (tenant pays taxes, maintenance, and other costs). Your property is worth a

lot more than \$100,000—on a 5% yield basis, it's worth \$160,000. You can arrange a mortgage for at least \$100,000, instead of \$80,000. In other words, you put up a building without tieing up any of your own money.

• Going Up—Naturally, it's unusual to have an advance commitment for a lease that a bank will loan on. But the general effect is bound to stimulate commercial building, assuming that business remains good. Real-estate and mortgage people feel commercial building has been hamstrung by the 50% down-payment rule.

The Mortgage Bankers Assn. says flatly in its Washington letter to members this week that: "An increase in the volume of loans to commercial building is certain to take place, with a considerable amount of insurance funds going in this direction."

• Long Fight—For some time, building contractors have been blaming X for the slowness of commercial building. Last February, the Associated General Contractors called for the end of X. Recently, the construction industry advisory committee of the National Production Administration recommended the same thing.

It's believed that these actions helped persuade the Fed that credit controls on commercial building should go, in spite of opposition awhile back from the Economic Stabilization Agency. Chief Stabilizer Roger L. Putnam and his aides had argued that lifting the X curb from commercial building loans would open another crack in the dam against inflation.

That danger is not much stressed among Washington officials today. Legally the Fed could reimpose credit controls on commercial construction anytime up to June 30 of next year. But nobody foresees any inflationary threat to warrant such action.

• Time Lag—The control setup on residential housing is a little different. Housing starts, of course, might be stimulated enough to move up over the 1.2-million rate. But any such effect couldn't show up before completion of figures for October—or more probably November—because of the time lag in government estimates of housing starts.

In any case, the Mortgage Bankers Assn. believes that building volume isn't likely to be affected because builders have anticipated the end of X, and slightly more favorable credit terms. The association warns that a more-than-seasonal letdown may come in the

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"... lenders have all kinds of attitudes toward GI mortgages ..."

REG. X starts on p. 102

late fall, unless the market response for new homes is greater than now seems likely.

 Shopping—Though lenders in general say they are going to follow very much the same credit terms as they did under X, there is still enough difference between individual institutions to make shopping around worth while for homeseekers.

Thus some lenders will still make GI loans to individuals though that grosses them only 4%, less expenses of servicing and processing. Individual FHA mortgages (which pay 4½%) are in some favor—in certain areas, anyway. One bank in the New York area says it can resell FHAs at 100½% of par.

However, as money rates go up, GI and FHA mortgages become harder to get. Over-all figures on mortgages of \$20,000 and less for the first five months of 1952 show that the percentage of GIs to the total was only 18%, compared with 23% for the same period in the previous year. On FHAs, the percentage fell from 14% to 10%.

Lenders have all kinds of attitudes toward GI mortgages. Some make them for people in their particular area, but are tough to, or else refuse applicants elsewhere. Others add a processing charge of 1%, above closing charges. Some will make GIs only for a 15-year term, instead of 20. Others will loan to any good credit risk who comes in, but don't advertise it.

A lot of lenders will take GIs and FHAs in batches from builders. Even when such low-rate paper comes in wholesale, other lenders won't take it unless they can get some offsetting volume of FHAs and conventional mort-

• Legal Curbs—The laws give some lenders more latitude than others. Federal savings & loan associations can lend up to 80% of appraised value. National banks have the lowest limit, 60% of appraised value. In between are insurance companies, state banks, and state-chartered savings & loans, limited generally to two-thirds of property value. This isn't the whole story. Different institutions have different appraisal standards.

A lot depends on how far above 4% local rates on conventional mortgages run. In New York City, the going rate is 4½% to 5%, and you can still get GI mortgages. In other areas, where rates are higher, GIs are hard to find.

It's interesting that some of the New



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York savings banks buy GI mortgages in other parts of the country at a discount. One New York banker says he buys GI paper in California as low as 95% or 96% of par, and in Texas at 971%. These mortgages were originally made at par. The original lender is able to sell them at a discount because he usually has made the initial construction loan-which may work out to 71% to 8% interest on an annual basis. He also has usually received a 1% processing charge from the borrower, and handles servicing for the new lender for 1% of face value.

· Back in Business-Fanny May, the Federal National Mortgage Assn., is back at the old stand buying VAs and FHAs from original lenders. It had about \$400-million available at the start of the month. But Fanny May now limits the amount which an original lender can pass on to it.

Here are the highlights of the BUSI-NESS WEEK SURVEY

Los Angeles: Óbservers expect a rash of second mortgages, offered by builders to clean out houses built but unsold. The going rate on conventional mortgages is from 5% to 7%, though banks still take some prime risks at 41%.

San Francisco: Demand for new homes is still brisk. Local banks are loaned right up to the limit-50% of savings deposits-but some eastern money is available. Are lenders still taking GI paper? "Well, yes," they say, in about the same spirit as the muchphotographed "Frenchman" when he was asked: "How do you like California wines?'

Denver: People think abolition of rent control, as of Sept. 30, will do much more to stimulate building than the end of X. Rates on conventional mortgages are from 5% to 51%.

Kansas City: The going rate on conventionals is from 5% to 5½%. There are relatively few unsold speculative houses in the lower brackets, but plenty of higher-priced places.

St. Louis: Going rate on conventionals is 41% to 5%; quite a lot of it is available from banks and insurance companies, not quite as much from savings & loans.

Chicago: GI mortgages are very hard to get, though it happens occasionally. Even the 41% FHAs are being resold at 971% or 98% of par. The going rate on conventionals ranges from 41% to 51%. Builders, observers think, will be taking small second mortgages in order to put over sales.

Atlanta: The going rate is 41% to 5%. Lenders don't seem very happy over X's exit. Under it, they were all in the same boat, but now borrowers will shop around, increasing competi-

New York: There is an unusual amount of funds, due to the big New HAND IN HAND...



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York savings banks. There are plenty of differences in terms among various lenders. Going rate for conventionals is 41% to 5%

Boston: A flood of commercial construction is expected-filling stations, chain stores, and others. On home mortgages, the going rate is 41% to

TV Film Group Bids For Hughes' RKO Stock

Howard Hughes has sold his controlling interest in RKO Pictures, Inc. This is sending independent producers of films for TV into a tizzy, because RKO has a big batch of pictures it has never released to distributors, as well as a stockpile of old films.

These pictures, once valued at \$10-illion (BW-Feb.17'51,p121), no doubt play a big part in the plans of the buying group. The group is headed by Ralph Stolkin, a 33-year-old financier who makes films for TV. Hughes sold his 1-million shares (there are about 3.9-million outstanding) for around \$7.4-million. For the last few days, RKO Pictures stock has been active. Shares opened last week at 45, rose 7 during the week on a volume of nearly 110,000 shares.

• Key Man-Traders apparently figure that Stolkin knows how to make a buck, and that they had better ride along with him. In Chicago after World War II, he is said to have parlaved a \$15,000 loan into a multimillion-dollar mail-order business, Empire Industries. The story goes that he made around a million dollars in ballpoint pens in a couple of years, then added to his fortune in the oil fields of east Texas.

Now Stolkin is head of Screen Associates of Beverly Hills, an independent producer of films for theaters and TV. He's vice-president of National Video Corp., which makes TV tubes.

Furthermore he headed a group that took over the Marshall Field interests in radio and TV stations in Portland and Scattle. And he has invested in theater chains both in the East and Midwest.

Like most Hollywood tycoons, Stolkin is reputed to have gas and cattle interests in Texas, besides his oil holdings. In the RKO deal, his name has been associated with Texans: Edward Burk, Robert Hayes, and Ray Ryan, all of San Antonio.

· Not Yet-The Stolkin group says it will run RKO as a major studio. group says it has no plans "for the time being" for releasing the film reserves to TV. But Hollywood observers are betting the films will be offered when the time is ripe.

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ION EXCHANGE BEDS: Iron oxide clogged an ion exchange water softener. Before cleaning, two pumps were required to provide pressure for adequate backwash. After Dowell Service, one pump was sufficient.

FEEDWATER LINES: Before cleaning, it was necessary to use three 100-horsepower pumps to force water through clogged feedlines to a boiler house. Following Dowell Service, only one pump was required.

PUMPS: Two high-pressure feedwater pumps were nearly clogged with deposits. Dowell Service completely cleaned them along with rest of the feedwater system.

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How About Uninsured Autos?

They're a political hot potato. Companies fight compulsory insurance, fearing rates will be set too low. Instead, they urge safer roads, cars, and drivers.

The insurance industry and state insurance officials are struggling with a problem that's too big for them to solve by themselves: auto liability insurance—and the drivers who fail to carry it.

Any solution will have to involve the general public, especially drivers, state legislatures, state highway and motor vehicle departments, the schools, the police, and possibly the auto industry. In other words, auto liability insurance is likely to become a hot political issue within a year or two. Committees of several state legislatures have been taking a look at it this year.

• Analysis—The complexities of the problem have never been stated more succinctly than they were last week, by James F. Crafts, president of the Fireman's Fund Group. Crafts was talking to the insurance section of the American Bar Assn., meeting in San Francisco. He was explaining why he felt many state legislatures might soon be grappling with auto hability.

grappling with auto liability.

"First," he said, "there is the obvious fact that underwriters cannot go on indefinitely paying out in claim costs and expenses millions of dollars more than they collect in premiums for insuring automobiles.

"Second is the part insurance plays in the higher costs of owning and operating an automobile. Current premium levels, made necessary by high claim costs, are now major items in the average family's budget.

"Third is the rising tide of indignation over the uninsured motorist."

The insurance business sees in these three factors a potentially explosive combination. It goes like this: In order to climinate the uninsured driver, there may be a powerful drive in a number of states to make auto liability compulsory for all car owners. The underwriters wouldn't like this, mainly because they believe that political pressures would force rates too low. Hence the insurance industry would go on losing money on what is a major part of its business.

• Court Decision—The pros and cons of compulsory insurance have been battled over for years (BW—Feb.10'52, p168). Just a few days before Crafts spoke, something happened to point up the industry's case.

In Massachusetts, the only state where auto liability is compulsory (since 1927), the state supreme court ended a long battle over this year's rates (BW-Feb.16'52,p168). It ruled that

the state insurance commissioner had not acted unreasonably in raising rates 9.5% for private passenger care and 12.7% for commercial vehicles. The companies had asked for a 21% boost on passenger cars, 30% on commercial vehicles.

The commissioner set his rates by averaging the losses of the years 1948 through 1950. The insurance companies wanted rates set on the basis of 1950, latest year for which data is complete. They argued that overwhelming evidence of a new trend to higher losses, starting in 1950 and continuing through 1951 (BW-Jul.7'51,p126), makes 1948 and 1949 data unreliable as a guide to future losses. They noted that, when setting the rates for 1943at a time when the loss trend was ebbing due to gas rationing-a previous commissioner had based a rate cut on just four months' available experience from 1942.

The court's opinion was sympathetic to the companies. But it declared that rate-setting was not its function: it could merely decide whether the commissioner's order had "reasonable support" statistically. It found there was reasonable support.

• Plan for Fund—Last week another headache bobbed up for the industry. It became known that the District of Columbia commissioners may ask Congress to set up an "unsatished judgment fund" for the district as an alternate method of protecting people against uninsured drivers who can't pay court verdicts.

Instead of requiring every car to be insured, this plan would build up a fund by assessing all licenses or registrations, and perhaps insurance companies, too. This fund would pay the claims of people who haven't been able to collect court awards. In varying forms, the setup exists in North Dakota and New Jersey. The law was just passed this year in New Jersey, effective after Mar. 31, 1955.

The insurance industry has already come out against unsatisfied judgment funds in a report on the whole auto liability problem, prepared for a Wisconsin legislative committee. It feels such funds are unfair, because: Though insured drivers would be protected against uninsured drivers, they would be providing the protection partly at their own expense. Also, unless uninsured drivers are in a small minority, unsatisfied claims resulting from their

accidents would be too much for a special fund, unless assessments were very high.

Some Proposals—What the companies want is to shift the whole approach from what they consider gimmick solutions to the basic problem: What can be done to reduce auto accidents? They feel much can be done:

 Roads could and should be improved, though it would cost real money. This "can increase highway safety to a degree which few people

realize."

• The public's interest can be aroused to a degree where it would cooperate with police to improve driving standards. This has been done in some cities, with substantial results. Young drivers—the worst offenders—should get special training through the schools. Older drivers, especially those with poor records, should get a reeducation, perhaps in connection with stiffer license tests.

 Cars should be periodically—and strictly—inspected. There is some unofficial talk that new cars should be designed with safety rather than speed

as the main objective.

 Traffic laws should be enforced, courts tightened up, accident report statistics made uniform, and state reci-

procity broadened.

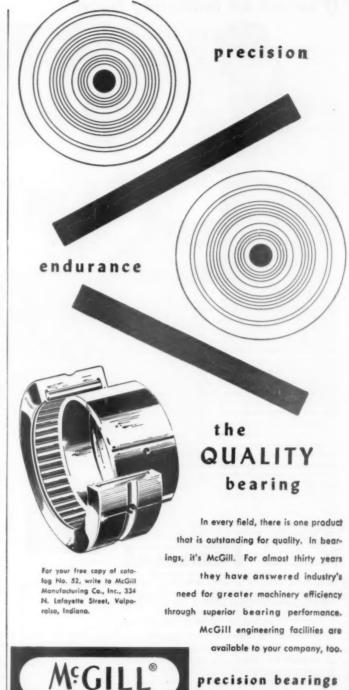
If all this were done, the companies argue, auto liability rates would be much lower. Naturally, the underwriters would have a better chance of getting into the black on this line. Finally, even though some drivers would still never insure voluntarily, the problem they present would be cut to insignificant proportions.

Mutual Fund Dealers Get SEC Tip-Plus Scowl

When mutual fund dealers gathered in New York last week for their annual conference on business problems, they got a suggestion—and some rather unpalatable news—from the chairman of the Securities & Exchange Commis-

The SEC chief, Donald C. Cook, suggested that the mutual funds think about setting up a separate corporation to provide venture capital for new and untried companies, as distinct from their usual practice of buying more seasoned securities. Each mutual fund, of course, would participate in the venture-capital company only to a limited extent.

 Reciprocity—He also told them that his agency was looking into the custom of "reciprocal business." That's a practice by which an investment company gives brokerage business to the dealers and brokers who sell its shares. This



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further business arises from the purchases and sales made by the mutual fund for its investment portfolio.

fund for its investment portfolio.

Cook said that SEC plans a questionnaire, in order to get more accurate information on this custom. One of its "obvious dangers," he said, is the possibility that dealers and brokers may put pressure on the mutual funds to "churn the portfolio" so they can get more commissions.

The SEC chairman raised the further point that the funds may have grown to the point where it is misleading for them to promise investors that their shares are liquid. He thought that if it were possible that "an attempt to liquidate in any substantial scale would result in a disastrous price decline or in the necessity for suspending the redemption privilege," the funds should make this clear to prospective buyers.

FINANCE BRIEFS

Savings still rise: Deposits in mutual savings banks continue to climb, topping figures for last year, says the National Assn. of Mutual Savings Banks. The gain was \$108-million in August, up 69% over 1951. Total savings are now nearly \$22-billion.

Texas bank capital: First National Bank in Dallas plans to split its stock eightfor-five, pay a stock dividend, and sell \$5-million of additional common stock.

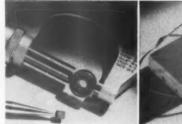
Seaboard Air Line R.R. will call its 150,000 shares of outstanding preferred at 5105.28 on Oct. 20. Early this week, it was selling for slightly more than that.

Alleghany Corp., Robert Young's investment company, plans to issue up to \$10-million in 10-year 5% debentures, in exchange for the 54% Series A preferred. Each \$100 debenture will have a detachable warrant, good for purchase of 20 shares of common at a point probably not more than \$1 over current market price.

Cash dividends for the first eight months of 1952 were up 5% over the same 1951 period, according to the Dept, of Commerce.

A buyer for Ontario & Western: New Haven R.R. says it's interested in acquiring stock control of proposed new company which would be set up to take over the properties.

J. H. Whitney & Co., venture capital firm (BW-Apr.14'51,p25), has organized a new company, Circuitron, Inc. It will make printed circuits for electronic devices. SUPER-ACCURATE ball bearings are used in electronic computers, radar and other intricate systems. Grinding the inner race of tiny bearings (shown here actual size) is entrusted to Mounted Wheels by CARBORLADIUM. One wheel grinds 500 races. Whatever the abrasive problem, remember: only CARBORLADIMO offers ALL abrasive products to give you the proper ONE.



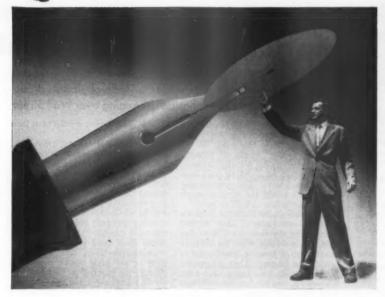


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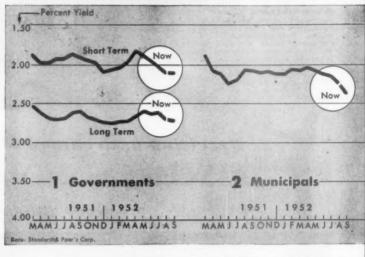
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THE MARKETS



Big Housing Issue Hits Weak

The market has been sagging lately, and municipals are particularly weak. Latest issue of federally backed public housing authority bonds has been hanging over Wall Street.

A single new issue of municipal bonds got the rapt attention of the whole bond market early this week. It was the \$171-million block of federally backed local public housing authority bonds, offered on a sinking bond market (charts, above). The question was: How much would the housing people have to pay?

Everybody knew that the local authorities were going to have to offer more for money than the 1.96% they paid, on the average, when the last combined issue of housing bonds came to market last January. Then the market for municipals was strong. But since January the market has been deluged with municipal issues, while demand has slacked off.

As a result municipal bond prices have slumped to the lowest levels (and of course the highest yields) since late 1948. Furthermore, there is still a plentiful supply of unsold municipals on dealers' shelves.

Bids on the new issue were about in line with what Wall Street had expected. The so-called "dealer group," managed by Blyth & Co., Inc., Phelps, Fenn & Co., and Lehman Brothers and several other houses, put in the best bid; the group intended to offer the 40-year bonds at about a 2.75% yield, and the 20-year issues at 2.10% to

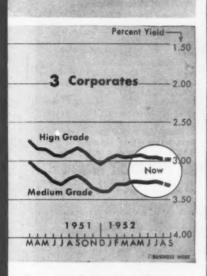
2.25%. That's quite a jump from January.

• Specialized—Of course, municipals are in a somewhat special sector of the bond market. Because income from them is tax-exempt, people and institutions invest in them for different reasons than those which guide investors in governments and in corporate bonds. But the whole market for debt securities is linked together, and what happened this week can have some effect on the future of all bond prices.

 Oversupply—Since this spring, all parts of the bond market have been showing the effect of an abundant supply of bonds, and a restricted demand, in the form of funds available to buy them.

Both corporates and municipals have hit record volumes. In fact, capital issues other than federal governments totalled \$9.4-billion through July, up 30% over the same period the previous record-breaking year of 1951. The gain in supply has been particularly marked in municipals, which were up about 50% in that period. This partly explains why prices of municipals have fallen more sharply than corporates.

The natural result has been that steady customers, who would formerly have jumped at a chance to take a sizable hunk of a new issue, have been



Bond Market

playing it coy. They take only a small amount or beg off entirely, hoping that the dealers will eventually be forced to cut the price of the issue.

Sometimes this tactic has proved successful. Last week, for instance, the underwriting syndicates for Tennessee Gas Transmission Co.'s \$40-million of 20-year 37s and Arkansas Power & Light Co.'s \$15-million of 30-year 31s finally gave up trying to move the bonds at their price. Allowed to find their own level, the Tennessees immediately sank half a point, the Arkansas Powers fell off about a point. At the time the two syndicates threw in the towel, it was estimated that about 50% of the pipeline bonds and about 60% of the power company bonds remained unsold.

· Fed's Attitude-The other big factor on the demand side has been the Federal Reserve Banks. The Fed has made bank credit rather hard to find, because it wants to check any credit inflation. Its method has been to return to the simple, traditional practice of forcing banks to borrow from it if they want to get reserves. Since banks need reserves if they want to expand their loans, and since they hate to be bor-

rowers themselves, this works fine. Ever since the Treasury helped the sale of its \$4.2-billion issue of 23s last June by allowing banks to buy them, in effect, on credit, the Fed has been tightening up the money market (BW-Aug.9'52,p90). This has done a lot to depress government-bond prices. Since governments are the cornerstone of the



Heat—sometimes well over 100°—once threatened to disrupt production schedules of the 600 mph B-47 Stratojet bomber. Under the blazing Kansas sun, on the flight line at Boeing's big Wichita plant, temperatures skyrock-eted inside the B-47 fuselage to points where personnel could work only short periods at a time.

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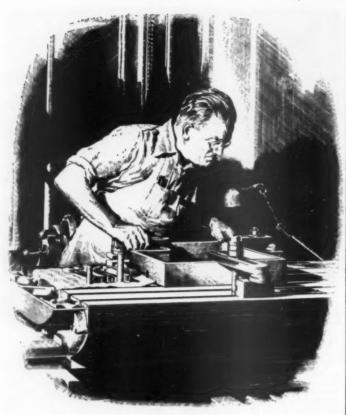
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Some observers foresaw all this two months ago. But now the market has come to a point where the outlook is very cloudy. Are corporate bond prices going to continue down indefinitely, in connection with a long-term rise in money rates? Or are bond prices now at levels which will look like bargains a year from now?

• Refunding—Bond-market bears argue that the government will eventually have to refund a huge volume of outstanding short-term issues into long-term bonds. They believe this would have to be done at a higher rate than now obtains, say approximately 3%, and that it would shake the whole bond market profoundly. Until this is done, its gloomy prospect will depress bond prices.

A good many well-informed people stress other factors. They note that the current volume of corporate borrowing is going to taper off next year, though it may be a very gradual process. The supply of corporates will eventually be a lot less than now.

On the demand side, they figure that people will go right on saving money and buying life insurance at a pretty good clip. They point to the gradually increasing accumulation of pension-fund money, now estimated at an annual volume of around \$3-billion a year. A lot of this will go into bonds. It is quite possible that within the next year, or two, or three, investors will be looking for bonds just as eagerly as borrowers are trying to sell them right now.

Furthermore, say the bond-market bulls, the Treasurv will not have to do any large-scale refunding or new borrowing for some time yet. They believe that the Fed's resumption of its old-time powers over the money supply does not mean that the Fed is bent on higher interest rates.

The Fed isn't interested in bondmarket prices or interest rates as such, but in checking sizable increases or decreases in the money supply.

Long-Term—In municipals, though, more people agree that the long-term picture may continue to be bearish. It's likely that the supply of new tax-free bonds coming on the market each year may increase as local governments modernize roads, schools, and other facilities. But the demand for municipals may lessen if current income-tax rates are decreased.

Also, there is some question whether savings banks will continue to be such big buyers of municipals. They have been buying them heavily in the last couple of years to cut their tax liability. Lately these banks have been paying out more of their income in dividends to depositors.





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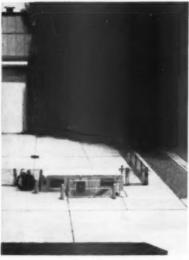
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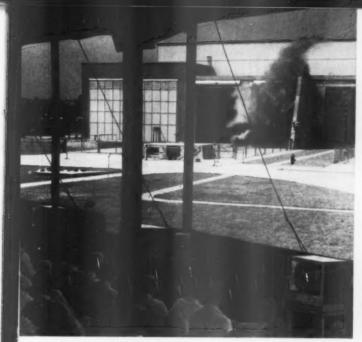
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Increased mechanization and growing industrial capacity have caused America's use of electric power to skyrocket. Acting now—to help design the power-handling equipment you'll need tomorrow—General Electric has built the new Switchgear Development Laboratory in Philadelphia. Facilities at this new lab—largest of its kind in the world—make it possible to test switchgear under tomorrow's operating conditions. Here, new designs are subjected to extreme power surges, even tested to destruction, to prove their reliability.

You'll get these specific benefits from switchgear developed at the new lab: (1) greater continuity of power service in your plant, (2) better protection for your equipment and greater safety for your personnel, (3) lower original cost per unit of power handled, and (4) reduced maintenance expense.

This new laboratory and other G-E engineering facilities work for you when you specify "G.E." for electric apparatus. And where high-quality system engineering is required, G-E application engineers will draw on this engineering leadership in working with you and your consultants. Contact your local G-E Apparatus Sales Office—early in the planning. General Electric Company, Schenectady 5, New York.



G-E ENGINEERS V. L. Cox, Manager-Engineering, Switchgear Dept. (right), and R. L. Williams, in charge of new lab, examine still-wet oscillograph films of test only two minutes after it was begun.

Engineering Leadership gives you better electrical systems from—

GENERAL E ELECTRIC



How Pittsburgh COLOR DYNAMICS benefits workers and management alike is once more demonstrated by the experience of the G. S. Blodgett Company, of Burlington, Vermont, manufacturers of commercial baking and roasting ovens for more than a century.

- Recently the Blodgett Company erected a new factory building. It was painted according to COLOR DYNAMICS. By using this modern system colors were chosen for functional as well as decorative purposes.
- · Focal colors were painted on operating parts of machinery and eye-rest colors on stationary parts to

aid workers to see their tasks better and to reduce eve-fatigue. Walls were painted light green to provide additional eye-rest areas. Safety colors were used to reduce accident hazards. Ceiling colors were chosen to provide better light reflection.

- The satisfactory results achieved by the use of COLOR DYNAMICS are best summarized in this letter from Robert F. Patrick, General Manager of the Blodgett Company:
- o "It was our aim in painting the interior of our new factory building to provide a more pleasant atmosphere for our workers, give them

more natural light and at the same time simplify housekeeping.

- · "Everyone agrees that our efforts have been very successful. We have more natural light than we ever thought possible - we seldom use artificial lighting. Our employees tell us that the new color arrangement is helpful in relieving eye strain. Naturally, this is responsible for higher production efficiency.
- "We are now in our 104th year of uninterrupted manufacture of commercial ovens. I can assure you we have never made them in an atmosphere which has been more helpful and pleasant."

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Why not try COLOR DYNAMICS in your plant—on a machine or two, or in one department—and see the difference it makes in quality and volume of production? We'll be glad to make a scientific color engineering study for you without cost or obligation to you. Call your nearest Pittsburgh Plate Glass Company branch and arrange to have one of our COLOR DYNAMICS experts see you at your convenience. Or mail this coupon.

Please your Book Industry." Please call for a	send m klet "C have yo Color l	L Pittaburgh 2 le a FREE con le a	py of es In ative	C
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PRODUCTION

What Industry Does with Subzero Cold

Low temperatures have become an important industrial tool—and new uses are in store for the future.

Water freezes at 32F. Some 492 degrees below that, at absolute zero, everything freezes. Between those two points is a wide range of temperatures, each of them useful for some particular operation (chart, left).

Probably the most widely known use of cold is in storing food, blood plasma, and other perishables. But as scientists have done more and more experimenting, industry has been finding it useful, too. Low temperatures come in handy, for instance, in machining and treating metals and in storing liquid oxygen for welding torches. And the signs point to more industrial uses in the future:

 Liquid carbon dioxide has been used to cool the hot spots in metal grinding operations. Now, it's being studied for use in other types of machining.

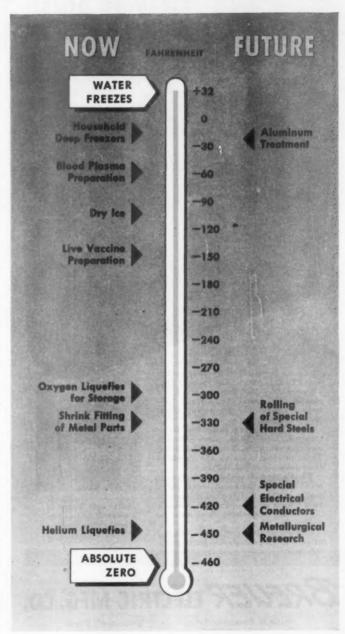
 Aluminum tends to grow hard and brittle if much time elapses between heat treating and machining. But if it's kept cold, this hardening process is slowed down. It's likely that aluminum-using manufacturers will set up special refrigeration chambers to store the metal between heat treating and the production line.

 Metals become more efficient conductors of electricity as they get colder. In the future, electric motors may be refrigerated to jack up their cutruit.

 Industry is also experimenting with liquid nitrogen in treating steel.
 You can get extra-hard types of steel by running the metal through a deep freeze process.

 Freezer-For industry, about the most practical way of making things cold is to use the "Joule-Thomson effect." In simple terms, the effect can be stated like this: When you decrease the pressure on a gas, its temperature drops.

On that basis, you can get the gas down to subzero temperatures by putting it through a continuous cycle of Joule-Thomson effects. You compress the gas in one chamber, release it through a valve into another, and pass the cooled gas back over the walls of the compression chamber. This cools the compressed gas before the Joule-Thomson effect takes place, so that



DIRT DOESN'T PAY DIVIDENDS



Dirt may be cutting into your profits just like this case of the Federal Tool Corporation. Molding light colored plastic, they found that a single particle of dirt in a cavity meant scrapping the entire piece.

These costly scrap losses had to be stopped. How? With more efficient cleaning methods. Now they're using Tornado cleaning with the machine that pulls air at 300 M.P.H.

What's more, it picks up water, oils, scrubbing solutions and metal chips just as easily as dirt. It quickly converts to a blower or shoulder-type vacuum . . . cleans everything from floor to ceiling.

If you want to stop dirt from sharing in your plant profits write for Bulletin 600 today.



Motor unit becomes powerful blower to clean motors, machinery and equipment.

"... each low temperature group has its own advantages . . ."

SUBZERO starts on p. 121

when you release it, it comes out colder than the gas that went before it. Finally, it becomes so cold that it

· Applications-Practical uses of low temperatures fall into four general categories. At the warm end of the scale you get the household refrigerator and food locker-usually not much colder than 40F below zero. Then, starting at around -100F, there's dry ice and its various uses. The third group ranges around -300F-the temperature of liquid nitrogen and oxygen, used largely in treating metals. The fourth group. from -300F to absolute zero, is still mostly experimental. Helium liquefies at -454F; at these supercold temperatures, metals become nearly perfect conductors of electricity.

Each of these groups has its own special advantages. You can do things at -300F that you can't do at -100F. But the lower the temperature gets, the more expensive it is to generate and maintain. So the idea is to run any cold-requiring operation at the warmest temperature possible. It wouldn't make much sense, for instance, to use liquid helium for making ice cream.

· First Group-Experimenters found out long ago that food will keep longer in a cold box than sitting on the kitchen table. Today, the refrigerator is a common household item in the U.S. In the past few years, too, home freezers and food lockers have opened up a wider field for the warm end of the lowtemperature scale. Other applications in the same general range are freezing of orange juice and preparation of blood plasma for storage.

· Second Group-Dry ice (solid carbon dioxide) is fairly well known around the kitchen, too. But in addition to its usefulness in storing ice cream, it does a number of jobs for industry. Of all four low-temperature groups, the dry ice category-from -100F to -200F-has been the most widely used industrially

One application is in smoothing rough edges of manufactured parts. Industry got the idea years ago that metal parts could be smoothed off by putting them in a barrel and rolling them around. Each part would grind against its neighbor; rough edges would thus be worn off. But you couldn't do this with parts made of rubber or other soft materials.

Then someone decided to try freezing the rubber parts in dry ice. This made the rubber as hard as metal. Its

BREUER ELECTRIC MFG. CO.

5104 N. Ravenswood Ave. • Chicago 40, Illinois

edges, consequently, could be smoothed easily in the barrel.

• Machining—Liquid carbon dioxide is also being used in grinding operations. Instead of using oil or water as a coolant, some companies are trying out the idea of shooting a jet of supercold liquid at the cutting surface. By controlling the flow from the nozzle, you can keep the work piece at room temperature. This speeds up the job, cuts wear on the grinding wheel, and keeps the machined part from cracking or discoloring because of heat.

• Third Group—The next-to-lowest category of low temperatures has several uses in industry. Cold ranging around —300F is used, for instance, in making special hard steels and in shrink-fitting

metal parts.

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Engineers have found that by dunking steel in liquid nitrogen and then rolling it or forging it at subzero temperatures, they can get a metal much harder than ordinary stainless steel. This extra-hard steel can take more tension and pressure than regular steels.

Liquid nitrogen also comes in handy for fitting metal parts together. Metals shrink as they get colder. So, to fit a tight piece into a notch, you supercool it. Then, when it returns to room temperature, it expands and clamps it-

self into the notch.

• Fourth Group—Helium becomes a liquid at about six degrees above absolute zero. Laboratory scientists first succeeded in liquifying it in 1908, but no one could figure out a practical way of turning it out in quantity until 1945. Scientists have created temperatures nearer to absolute zero, but liquid helium is the coldest substance ever produced on a practical scale.

By cooling metals with liquid helium, engineers have been able to make super-conductors of electricity out of metals that normally are very poor conductors—lead aluminum, and the like. Thus, an electric motor might be made to double its efficiency if it were run in

a cold chamber.

 Military Uses—Along with industry, the military has been looking into the possibilities of cold. At the end of World War II, for instance, the Germans began using liquid oxygen as a rocket fuel. U.S military men are now developing the idea further.

Another possible military use of low temperatures is in the much-touted hydrogen bomb. Though the thinking on this bomb is carried on behind closed doors, engineers assume that the formula includes liquid hydrogen. To make such a bomb, they figure, you need to put a lot of hydrogen in a relatively small space. The only way to do it is to concentrate the gas into a liquid. And liquid hydrogen is cold:—422 degrees below zero.



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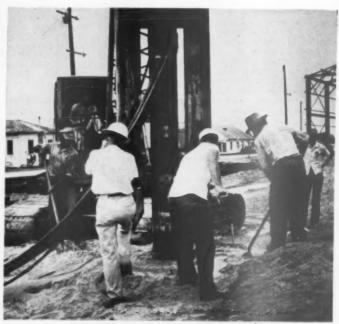


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GERMAN PROCESS for compacting sand provides firm foundation for this

Perching \$12-Million Plant



1 Key to Vibroflotation process is whirling eccentric shaft at the bottom of a 25-ft. pipe that is lowered into sand made mushs by water.

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giant uranium and phosphate processing plant at Bone Valley near Bartow, Fla.

Solidly on Shifting Sands

URANIUM PLANT continues on page 126



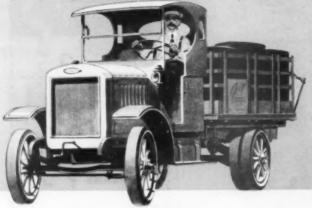
As vibration compacts sand at bottom, space is created into which fresh sand is poured. As desired density is reached, vibrator is gradually hauled up.



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When you buy a truck, you want one that not only looks modern but is modern—all the way through! That's why it's so important to make sure that every truck you buy has Timken-Detroit Axles with Hypoid Gearing.

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3 Cutaway shows the end product. Light areas mark where new sand was added.

Shifting Sands Make

Even in biblical times, the wisc builder shunned sand as a bed for his foundations. He knew that topplings and saggings would follow.

International Minerals & Chemical Corp. of Chicago knows this as well as anyone. But this summer, IMC turned Pittsburgh's Rurb Engineering Co. loose to build a \$12-minor plant near Bartow, Fla., to extract uranium from phosphate rock. There isn't any solid ground within 50 mi. of the site. But the betting is that the buildings will last for their normal useful life.

The key to the paradox is a German process called Vibroflotation, for which Rust is licensed in the U.S. The process compacts the sand till it forms a solid foundation. At Bartow, IMC figures that Vibroflotation will do the job for \$250,000 less than an equivalent beyo of pilings.

IMC's problem really arose infinitely long ago when this area of what is now Florida was the favorite resort of dinosaurs, saber-tooth tigers, giant reptiles, and their assorted cousins. In time their commingled bones turned into gravel, the very special phosphate rock of Bone Valley, richer in uranium impurities than other phosphate deposits.

With the development of the process for recovering uranium from the phosphate, IMC decided to build a plant in Bone Valley. Besides the uranium, it expects valuable side products in phosphate, multiple superphosphate, and animal feed.

The catch, of course, was the total absence of anything but windblown sand on which to perch the plant. IMC and Rust considered pilings, chemical treatments, and steamrolling; then they decided on Vibroflotation.

The principle of the compaction is

26 IBUSINESS WEEK • Sept. 27, 1952



Actually, sand in both light and dark areas has been compacted to required density.

a Firm Foundation (Story begins on page 124)

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simple. If you fill a bucket with sand, and then tap the side of the bucket with a mallet, the sand will rearrange itself in a tighter and firmer formation. It will also make room for more sand in the bucket.

The key to Vibroflotation is a 25-ft.long pipe with a 15-in. diameter. One end of the pipe contains an electric motor that spins an eccentric shaft. The shaft, turning at 1,800 rpm., can generate a 10-ton centrifugal force.

At the spot to be compacted, the pipe is upended by a crane, shaft end down. Water is squirted into the sand, turning it into mush, and the whole pipe sinks of its own weight to the desired level.

Then the shaft is rotated, compacting the sand around it. Workers at the top pour in fresh sand to fill the space that opens up. As the sand at the bottom reaches the desired density, the pipe is gradually hoisted till the sand is compacted from bottom to surface. In the Bartow job, where the pipe is lowered to displace 13 cu. ft. of sand, 67½ cu. ft. of new sand have to be poured in.

On this job, the compactions are spaced with 8-ft. centers. Since each operation compacts an area about 10 ft. in diameter, the compactions overlap, assuring that the whole area being treated will have a minimum density. To get similar strength, pilings would have to be driven to depths of 50 ft. or more.

The IMC plant is the biggest job of its type that Vibroflotation has tackled in this country. Rust sees a wide fature for it, with expansion into such diversified fields as earth dams, cofferdams, levees, airfields, tunnels, and sewers.

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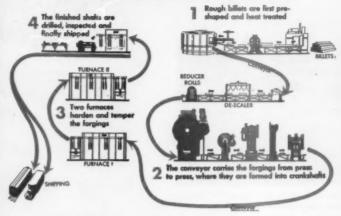


of America has selected Jacksonville as the site for a great 8-state Southern Home Office.

Basic reasons for that decision, after a careful survey of other greas, were Jacksonville's strategic location, ideal conditions for work and play, excellent climate, ample labor supply, land, sea and air transportation, communications facilities, good site availabilities. Write in confidence for expertly prepared, detailed information:

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How Chrysler Handles Crankshafts...



Manpower Up 50%, Output 200%

That's the gain from Chrysler's new press forging and conveyor system for auto crankshafts.

There are still a few basic industriesfarming, forging, foundry, and steelthat are also-rans when it comes to ma-terials handling. The reasons are partly traditional, but mostly that the products in those fields aren't easily handled by mechanical methods.

The Dodge forge plant of Chrysler Corp. in Detroit has become an exception to this rule. It has finished a modernization program that makes its old methods look as antiquated as a blacksmith shop.

The plant switched from hammer forging to press forging, forming a crankshaft at one shot instead of by repeated blows of the die (BW-Feb.10 51,p77). To top that off, the firm also installed a handling system that begins with the raw materials and ends with the finished product (chart). The system is mostly mechanical and automatic, but it needs a little manual help here and there.

· Advantages-Chrysler won't talk about detailed cost comparisons between the old and new methods. Its only claim is that the new way has boosted output, improved quality control, and make the job easier for the

The forging of crankshafts by the old (and still used) hammer setup needed eight men to make 50 units per hour. The new press installation requires 12 men, but it produces 150 crankshafts in the same length of time, tripling the former capacity.

On V-8 crankshafts, required for Chrysler and DeSoto engines introduced during the past several months, the gain is even larger. For these, the old method required two sets of hammers, 16 men rather than eight. Output on that line ran around 60 units per hour. The new forging press operation turns out V-8 cranks at the same rate as inline crankshafts.

The quality of the products made by hammer forging has always been hard to control, regardless of the skill of the hammer operators. Chrysler has found that the switch to presses has improved the control. It gets a higher number of standard pieces from the line because each one gets the same treatment from the presses

· Saves Materials, Too-The new system has saved on raw materials, too. For hammer forgings, the plant uses preformed shapes supplied by a steel mill, with extra charges for the preforming and packing. The presses, however, require only ordinary shapes that come in standard mill lengths and are cut and shaped at the plant.

Chrysler can also rattle off a few other benefits, although it hasn't vet been able to pin them down, costwise: The presses need less costly maintenance. The work in the new shop is far less strenuous and doesn't need the same high degree of skill as hammer forging.

The entire handling system has been built for expansion. The maze of over-head tracks which move the cranks toward the furnaces are set up so that switches can feed new furnaces as they are added. Another rotary furnace to heat billets has already been mapped



and the pan...

It takes more than a song to sell soap...between the studio and our housewife's kitchen lie years of market analysis and chemical research; for developing soaps and synthetic detergents that make her job easier is essentially a chemical process.

Closely associated with the soap industry for 60 years, Mathieson was one of America's earliest producers of chemicals used to manufacture soap. And here's our pitch: today Mathieson is the only pro-

ducer of all these primary soap and synthetic detergent chemicals-caustic soda, soda ash, ammonia, bicarbonate of soda, sodium chlorite, sulphuric acid, and ethylene oxide.

A dependable source of essential raw materials is always important. If your production requires these chemicals-or any of Mathieson's many organic, inorganic or agricultural chemicals-you may be able to buy to better advantage by consulting with us now.

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EMPLOYERS MUTUAL LIABILITY INSURANCE COMPANY OF WISCONSIN EMPLOYERS MUTUAL FIRE INSURANCE COMPANY

Packard's Diesel

Low weight-to-power ratio of engine built for Navy rouses company hopes for industrial uses.

At the same time that Packard Motor Car Co. is making a major bid to recover its old position in the fine car field, it is also casting about for diversified business.

Right now, the company thinks it has found at least one candidate. Deliveries are starting this month on a new marine diesel engine for the Navy. And Packard is thinking of entering it in the general industrial engine field, where General Motors, Chrysler, and Ford have all been interested for years.

· Lightweight-Packard bases its hopes on the exceptionally low pounds-tohorsepower ratios of its models (7.34 or 5.41 to 1). Currently, the company is building two models for minesweepers: a 6-cyl, 300 hp. job weighing 2,200 lb., and a 600 hp. V-12 that weighs 3,250 lb. Before long the line will be augmented by an 8-cyl., 300-hp. job, and a V-16 developing 800 hp.

Of the existing models, the V-12 has a weight-horsepower ratio that is less than half the nearest comparable unit. The Six is only slightly more than half the next best. Other competitors run up to four and five times the Packards.

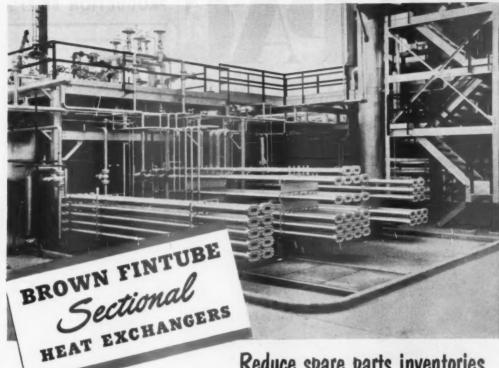
An important feature of the new diesels is interchangeability of parts. All models will use the same basic cylinder. Interchangeability carries over to intake and exhaust valves, valve springs and guides, main and camshaft bearings. Even the crankshaft is interchangeable on the Six and V-12

One key to the exceptional lightness of the Packard diesels is their aluminum block, crankcase and pistons. Steel cylinders are inserted into the block. All models are supercharged.

· Wide Range-Because of the lightness, Packard looks to a wide field of commercial uses. The company has been market-researching the application of the diesel ever since the engine reached full development. Among the uses studied are truck, bus, and offhighway vehicles, along with stationary power. One school of thought is going still further afield, into unorthodox uses in materials handling and lifting.

James J. Nance, new Packard president, gave a clue to company plans at a luncheon for Navy people and suppliers. "Packard has been working on diesels for some 25 years," he said. 'But we have never gone into production on varied civilian applications. That kind of unfinished business should

be completed.'



Reduce spare parts inventories releasing buried millions for better use . . .

• Through the design and manufacture of our standardized heat exchanger Sections, Brown Fintube has salvaged millions of dollars that previously were rusting away in spare parts storerooms.

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FOR EXAMPLE: When your engineers buy 4 or 20 or 50 different types and sizes of specially designed, single purpose exchangers, you have to buy 4 or 20 or 50 sets of parts. These parts cost almost as much as the original equipment . . . and there is the added expense of handling the parts — and storing them.

BUT: A Brown Fintube heat exchanger for a given requirement, consists — not of a special unit, suited for *only* one specific duty — but instead, the required number of standard *Sections*, connected in proper

series, parallel or series-parallel arrangement. Thus, only a small supply of parts serves as sufficient stores for all the standard sections in your plant—cutting parts inventory by as much as 82%.

FOR INSTANCE: In the installation photographed above — different groups of standard Brown Fintube Sections are performing 6 different heat transferring duties — and just a small handful of inexpensive parts serves as adequate stores for all 42 Sections.

Reduced obsolescence; less costly maintenance; greater efficiency and continuous operation without shut-downs—are some of the other advantages of Brown Fintube Sections that we would like to discuss with your group. We can really save you money.



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Operating over truck routes totalling 11,147 miles, our subsidiary company, the Missouri Pacific Freight Transport Company, supplements Mo-Pac's reliable rail facilities to the West-Southwest... offering shippers the combined advantages of rail and truck service in our coordinated schedules.



PRODUCTION BRIEFS

An edible transparent wrapping material for the food and pharmaceutical industries has been developed by Dept. of Agriculture's Northern Research Laboratory. The film, made of amylose, can be digested by humans.

Oliver Corp. is coming out with a new heavy-duty crawler tractor designated as the OC-18. It is intended to compete with the "Big Three" (Caterpillar, Allis-Chalmers, and International Harvester) in the construction, logging, and industrial fields.

Plastic pipe is being field-tested in Kingsport, Tenn., as underground conduits for power lines. Extruded Tenite pipe in 20-ft. lengths is being used instead of the regular 5-ft. conduit sections made of a compound of asbestos and cement.

The screw feed used in coal stokers has been adapted to larger-scale automatic coal converting up an incline to fill several hoppers. Canton Stoker Corp. of Canton, Ohio, offers this new "Flo-Tube," which appears to have possibilities for handling other bulk materials such as grains, pellets, flakes, and chips.

Curtiss-Wright Corp. announced a new turboprop engine and an advanced series of propellers that will provide long-range military aircraft with propeller-driven controllability and fuel economy at jet speeds.

A new butter-making process in which the acidity of cream is regulated by electronic controls has been developed by Minneapons-Honeywell Regulator Co.

Youngstown Alloy Casting Corp., specialist in making high-alloy castings for the big steel companies, is completing its third expansion program in two years. It is spending another \$100,000 for a building addition and a new electric furnace.

Standard test methods for determining the properties of pyroxylin, vinyl-coated fabrics, and vinyl sheeting have been developed by the Plastic Coatings & Film Assn.

Electric generating capacity of the nation's railroad locomotives is now 25% that of the nation's utilities. General Electric reports that more than half of the railroads' locomotive fleet is now diesel-electric. Generating capacity is 10 times as much as it was 10 years ago.





Compression sized to far closer tolerances than cold-drawn tubing, Rockrite Tubing cuts cost of parts...saves valuable machine time. Here's proof.

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Still another reduces machining chip losses by 64%. Also saves steel — gets more parts per pound.

Want to know how you can put your parts in this profit picture with Rockrite Tubing? Send for Bulletin R2.

Rockrite Tubing is made only by Tube Reducing Corporation, the originator of this process. You benefit by unequalled quality control methods.



REDUCING CORPORATION Wallington, N. J.

NEW PRODUCTS



Gasket Extruder

Inserting gaskets to provide a hermetical seal is the weakest assembly link on a lot of production lines which involve sealing material in containers. Most of these gaskets are pre-cut rubber rings which have to be hand glued and hand inserted.

Dewey & Almy has now developed a machine which provides "flowed-in" gaskets. This is how it works: A liquid synthetic rubber or resin compound is forced through a nozzle onto the spinning part to be sealed, like toothpaste onto a brush. The compound is then baked. The result is a cellular or puffed gasket which keeps out dust, water, and light and prevents rust and rattle. The baked product is solid, rubbery, and self adhering.

Either automatic or semi-automatic machines can be used to apply the gaskets. Production speeds vary, depending upon the size of the container being lined and operator skill. The automatic machine can line about 1,800 two-in. rims per hour. The semi-automatic machine handles parts measuring from one half in. to eight in, in diameter.

The new method not only speeds up production. It also provides fewer rejects. Under the old scaling method, in which several different kinds and sizes of pre-cut gaskets were used, faulty seals were fairly common.

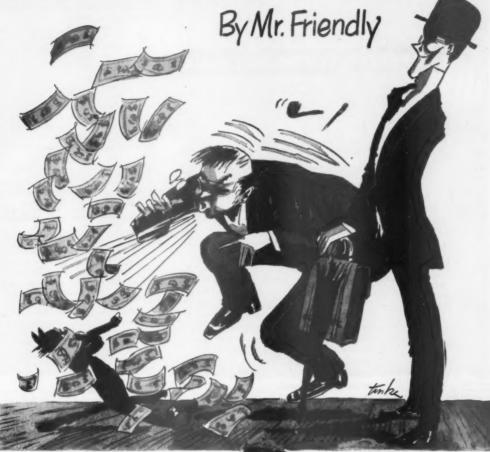
• Source: Dewey & Almy Chemical Co., 62 Whittemore Ave., Cambridge, Mass.

Lightweight Aggregate

Tiny glass balloons, about the size of fine grains of sand (diameter less than 0.0116 in.) have been developed as a lightweight aggregate for use in ceramics, plaster, and concrete. Development took four years at Armour Re-

TRESS

The man who sneezed at \$104,000.00



"My philosophy is simple!" Said Jones, the famous treasurer, "If a dollar saved is pleasure . . . a fortune saved is pleasurer!"

We said, we'd saved one company a bundred grand or so!* 'A round, firm, fully-packed sum!' he cried,
"A sum to make a man glow."

"It's twice as pleasing as 50 grand, and 10 times as pleasing as 10." Then he started sneezing to beat the band, and did it again and again!

The moment he heard his dreadful "Ka-choo!" he knew as a treasurer he was through; For any treasurer will tell you that, this is a sum you can't sneeze at!

AMERICAN MUTUAL

Service from salaried representatives in 78 offices! Savings from regular substantial dividends!



waka, Ind. First in power transmission macninery

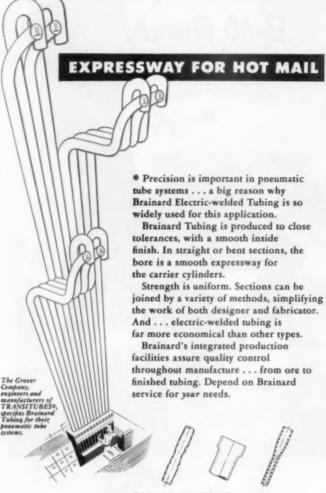
Record: An American Mutual policyholder for over 30 Years.
Savings through lower premiums: \$75,000 in last 8 years savings through dividends: More than \$29,000.

Tetal Savings: More than \$104,000.

Merci: If you're interested in service that can help reduce and halo suice and halo suice angular. Morel: It you're interested in service that can help reduce costly accidents and premiums. . . and help raise production and employee morale, write for the complete case American Murral Liability. Jacque. tion and employee motale, write for the complete case of the Dodge Corp., American Mutual Liability Insurance Co., Dept. B-87, 142 Berkeley St., Boston 16, Mass.

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WARREN, OHIO



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search Foundation of Illinois Institute of Technology.

The new material, made by blowing up individual grains of clay in a special furnace, has been trade-named Kanamite by Kanium Corp. of Chicago, which sponsored the research. Kanamite is strong as well as light, enables a relatively thin layer of plaster to support its own weight. It also has good insulating properties.

Concrete mixes using the new material in place of sand or other aggregates are very fluid, though water contractors can fill forms with concrete pumped through rubber hoses. On many jobs, this could mean a reduction in construction costs because of virtual replacement of shovels and unwieldy metal hoses now used.

• Source: Kanium Corp., 332 South Michigan Ave., Chicago, Ill.

NEW PRODUCTS BRIEFS

Beltbrasive dressers, designed to remove the glazing and loading from coated-abrasive belts and discs, have been developed by Desmond-Stephan Mfg. Co., Urbana, Ohio. The manufacturer claims the new tools speed production extend the life of the belt.

Buffalo Forge Co. has developed a machine which does regulation shearing jobs and breaks nicked billets used in forging artillery shells. The new machine will be made in eight sizes with pressures ranging from 325 tons to 2,200 tons per sq. in.

A motorized sweeper for factories, warehouses, schools, parking lots, and other indoor and outdoor areas, is being introduced by Multi-Clean Products, Inc., 2277 Ford Parkway, St. Paul 1, Minn. Eight heavy brushes clean a path 36 in. wide. A powerful vacuum cleaner sucks up dust into a large bag mounted on the sweeper.

An off-the-road high flotation tire (65-in.) has been announced by B. F. Goodrich for earth moving equipment. It's 18 ply, all-nylon cord, and has shallow treads to provide positive traction in sand or loamy soil.

Ice-coated windshields are a nuisance for motorists who have to park their cars outside on bad days. Central States Paper & Bag Co., St. Louis, Mo., is bringing out an inexpensive (\$1.00), flexible, polyethylene sheet with a cloth-bound edge which fits any windshield and is held in place by the car doors. When not in use the sheet can be folded up and stuffed in the glove compartment.



Why streets light up whenever daylight dims!

Ever wonder how and why the lights on so many of our roads and streets automatically turn "on" even during daytime storms...and turn "off" when daylight is restored to a safe seeing level? No human hand has touched a switch! Not even a time clock is employed, for such devices cannot anticipate daytime storms with dangerously low light levels.

This safe "on" and "off" operation is provided by a compact control instrument which constantly measures the daylight available within a given area. Should daylight fade, approaching an unsafe level, the control automatically turns lights "on." When daylight is restored, at dawn or after a storm, lights automatically turn "off."

Since so much depends on safety lighting, the natural question is, "Are these controls foolproof?"

The answer is, the WESTON Illuminating Control is as foolproof as sound engineering and human skills can build them...so much so that for years they have been controlling airway beacon lights, navigation lights, as well as obstruction markers, plant safety lighting, etc. The simplified circuit employed uses no vacuum tubes, no phototubes, no resistors or capacitors...has only fire rugged components!

This simplified and thoroughly dependable control is another example of how much sound instrument engineering is contributing not only to industrial progress but to the comfort and safety of our daily living. WESTON Electrical Instrument Corp., 617 Frelinghuysen Ave., Newark 5, N. J. ... manufacturers of Weston and TAG instruments.





BULLING IT THROUGH in secret talks with operators' Harry Moses (left) . . .

Lewis Wins the Hard Way

With all the cards running against him, he still got a near-record boost for northern coal miners. Southerners must tag along or be struck Oct. 1. WSB will approve the raise.

Once more John L. Lewis has flung the bargaining table rulebook in the coal industry's face.

In reaching a strikeless settlement with the Bituminous Coal Operators Assn. for the second straight time, the boss of the United Mine Workers defied all previous wage increase patterns and the economic facts of life.

• Play from Weakness—With coal prices down and stockpiles high, everybody figured the old master was in for a rough time when he set a Sept. 20 contract—or strike—deadline against BCOA, representing northern and captive mine operators.

Yet Lewis came out of 25 secret meetings with Harry M. Moses, BCOA president, with one of the largest wage increases in history. And he could offer the same terms to the smaller Southern Coal Producers Assn. on a "take it or leave it" basis without fear of government intervention. Lewis had signed up more than half of the coal production, so that a strike against the rest would not create any emergency requiring a Taft-Hartley injunction. He was on his own.

At midweek the southern operators scribbled feverishly figuring how they could swallow these terms Lewis got from BCOA:

 A \$1.90 increase in the daily wage for inside common labor. The miners work eight hours, portal to portal, including a half-hour paid lunch period. This brings the basic daily pay to \$18.25.

A 10¢ increase in tonnage royalty payments to the UMW welfare and retirement fund. This raises the royalty to 40¢ a ton. (In an interim agreement with hard coal operators, the royalty has been raised to 50¢. Hard coal wages have yet to be negotiated.)

Lewis warned that southern mines which do not accept the same terms will be struck Oct. I. Many apparently are prepared to take a strike or simply close up—at least for a few months until the coal markets improve.

• 32¢ an Hour-The package increase in labor costs under the new contract, which runs a year from Oct. 1, comes to about 32¢ an hour. It's far more than the 21¢ package Philip Murray's steel workers got from the steel industry-including some of the same employers-after an eight-weck strike. And it's much more than the 23¢ Walter

Reuther's auto workers have got in cost-of-living bonuses and productivity raises—since 1950.

 Wage Board—Nevertheless, it will be approved by the Wage Stabilization Board

Under WSB regulations, the 10¢ boost in the royalty probably does not require approval. That's because WSB policy on pensions and welfare plans controls the benefit payments, not their cost. And there is no present plan to increase coal miners' benefits.

The daily wage increase comes out to about 24¢ an hour, or about 10.4%. WSB's cost-of-living formula allows about 6% increase without WSB approval. The other 4.4% needs WSB's O.K.

WSB's hands are not tied if it really wants to approve the increase. It has approved above-ceiling increases in rubber, electrical-manufacturing, and other industries to keep them in line with their competitors. WSB probably cannot rely on that premise to approve the coal settlement because Lewis is so far ahead of his rivals. But WSB has an "escape." It may approve any wage increase simply by concluding that the increase would "not be unstabilizing."

• Price Boosts—Coal operators who are signing up for the BCOA terms—they-include Illinois, Indiana, and west-em operators who signed interim agreements promising to go along—hope to recoup the increased costs in higher prices.

The contract will raise costs about 40¢ a ton, and this can be added to prices immediately because they are about 70¢ below OPS price ceilings now. In any case, OPS will be asked for higher price ceilings, and possibly full decontrol. (Lewis will support the operators on this.) That is because the operators hope they can raise prices more than 40¢ if the coal markets improve after a few months. The market is expected to remain soft through November.

• Wider Application—Among the noneconomic changes in the contract were two rather significant ones:

BCOA agreed that the contract would cover all coal land they owned, leased, or later acquired. Lewis has complained about mine owners leasing land to nonunion operators who, when Lewis tried to get a contract, refused on the ground that they did not own the land. Now they will come under the contract automatically.

A clause covering Taft-Hartley suits for damages resulting from wildcat strikes in violation of contract was rewritten. Lewis feels the new language protects his union against unwarranted

BULOVA WATCH CO. FINDS HIGH ACCURACY—LOW COST—IN MACHINING WITH AIR POWER

HIGHEST standards of accuracy are characteristic of Bulova Watch Company—in product, and in manufacturing processes. Hand in hand with high accuracy goes close cost control, and continual searching for new ways of doing old jobs better.

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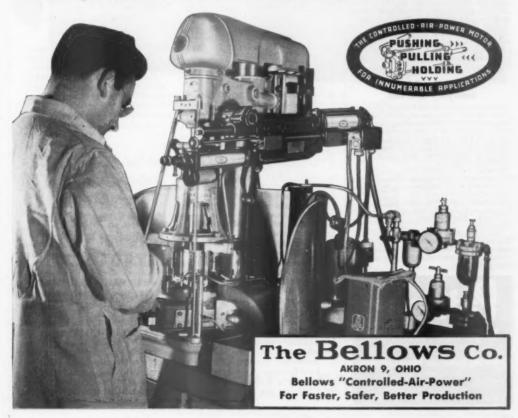
52

Typical of Bulova's approach to manufacturing problems is their use of Bellows "Controlled-Air-Power" Devices to automatize tedious, costly hand operations. For example, in this set-up for blind hole drilling and counter sinking (a common hand operation), Bulova uses a Bellows Drill Press Feed to feed a multi-spindle drill press, and a Bellows Rotary Work Feeder to position parts under the spindle. Both Bellows units are elec-

trically inter-locked and controlled. The work of the operator is reduced to loading and unloading. Production is a steady 500 per hour and parts are finished to hair line accuracy.

Today, in thousands of manufacturing plants in all lines of industry, alert production men view every repetitive manual operation with a critical eye, asking, "Can we do it better with Bellows 'Controlled-Air-Power' on the job?"

We would like you to see our latest Foto Facts File showing applications of "Controlled Air-Power" in many of these plants. It's yours, on request, without cost or obligation. Write The Bellows Co., Akron 9, Ohio, and ask for a copy of the current Foto Facts File.



Racking your brain for a better packaging material?



Here's an idea for you - Patapar Vegetable Parchment. This wet-strength, grease-resisting parchment is produced in 179 different types. Each type has in 179 different types. Each type has special characteristics to meet special problems. For example, there's a type that is so grease-proof it completely stops grease or oil "crawl." Some types are translucent. Others opaqued. You can have Patapar that has a high rate of water vapor resistance, or Patapar that allows your product to "breathe." Whatever your problem there's a good chance that problem, there's a good chance that Patapar can solve it.

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As a packaging material Patapar protects products like butter, bacon, celery, cheese, margarine, hams, lard, modeling clay, vegemargarine, nams, iard, modering cay, vege-tables, poultry, ice cream, machine parts. It is used for rubber mold liners, drafting paper, separators for tiny batteries, dialyzing membranes, and many other industrial purposes.

Patapar is furnished in all sizes and shapes, plain or printed with brilliant color effects. We will do the complete printing job for you - type setting, artwork, engravings everything.

Tell us your problem. We will send information and samples of the type of Patapar best suited for your purpose.



Keymark on Patapar food



suits. Moses' attorneys tell him the operators can still sue as before.

· Blow by Blow-For four weeks Lewis held out for a seven-hour day and a \$1.75 boost in daily wages. He later offered to accept a seven and threequarter-hour day with \$1.80 more in wages. This was the "deal" that Moses took back to his BCOA committee in Pittsburgh. But the operators wanted no part of any limitation on working hours. Lewis then offered to drop any reduction of hours in return for a boost of \$2 a day. This was compromised to \$1.90 in the final settlement. Moses figures that the 15-minute reduction in the workday would have cost 56¢ a day.

BCOA was organized two years ago with Moses as president for only one purpose: to bargain with Lewis. This is the second contract negotiated since then, both without a strike.

THE LABOR ANGLE

Does Stevenson Mean "Compel"?

ECAUSE it is unlikely that Gov. Adlai Stevenson will address himself to the question again during the campaign, a certain amount of puzzlement will be left by his two statements on the use of arbitration in labor disputes.

The first statement was made in a Detroit address on Labor Day. About the handling of emergency

disputes he said:

But the Congress should give to the President a choice of procedures when voluntary agreement proves impossible; seizure provisions geared to the circumstances: or arbitration; or a detailed hearing and a recommendation of settlement terms; or a return of the dispute to the parties.'

TEAVING arbitration aside for Lthe moment, the other three grants of presidential power Stevenson asked are devices already used by Truman. He has seized; he has used temporary fact-finding boards to investigate and make recommendations in major disputes; and he has had controversies sent back from the Wage Stabilization Board into direct negotiation.

It could be pretty convincingly argued that legislation is needed only to authorize the President to compel the use of these devices. Presidential authority to set up fact-finding boards and remand a dispute to negotiators has been challenged as an evasion of Taft-Hartley and wage stabilization rules. It is hardly conceivable that anyone would scriously question the President's right to propose arbitration as a suggestion for ending the dispute.

Thus when Stevenson asked for arbitration as one of a choice of authorized procedures he wanted from Congress, it seemed clear that he wanted power to compel arbitration at his discretion.

Gen. Eisenhower jumped on it. It obviously hurt Stevenson, for in his speech to the AFL (page 30), after Ike charged him with wanting such power, he returned to the subject. His words then were:

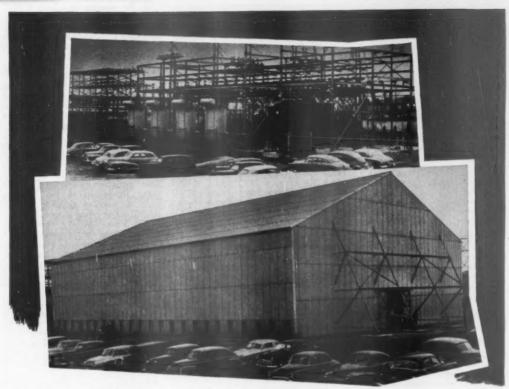
'My proposal was, and is, that if Congress sees fit to direct the President to intervene in a labor dispute it should give him authority to try, among other things. to have that dispute referred to arbitration. I did not say that he should be given the power to 'compel' arbitration."

F "TRY" in that passage means suggest or persuade, no legal authority is necessary. Certainly, if that is what is meant, it does not bracket with seizure which can hardly be achieved by suggestion or persuasion.

It is more logical to think "trv" -remembering how arbitration was proposed in the Detroit speechmeans "direct." When Stevenson puts the word "compel" in quotation marks, and savs he didn't ask that power, he is literally correct; he did not use that word. But, significantly, he repudiates the word and not the idea. He does not say he does not want authority to direct or compel arbitration.

*HEREFORE the idea that Stevenson wants compulsory arbitration of labor disputes at the President's discretion is not disposed of except maybe in the minds of those who find more bearing on the question than the words he

Until he himself clears up the point, or until-if he is elected-he sends his legislative program to Congress, management, along with other interested voters, will have some reason for suspecting that the Democratic candidate favors compulsory arbitration.



"BEFORE AND AFTER" pictures show how the lowa-lilinois Gas and Electric Company's sub-station at Bettendorf, lowa, was protected by an "umbrella type" cover of "Century" Asbestos-Cement Corrugated. **Erection Centrastors** Illinois Roofing and Insulation Company, Chicago, Illinois.

For a special problem
—such as an "umbrella"
for a sub-station—
or for 1,000-and-1 typical
industrial applications,

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"CENTURY"

asbestos-cement corrugated roofing and siding is the satisfying, economical solution

"Century" Asbestos-Cement Corrugated solved an unusual problem at Bettendorf, Iowa. The 69,000-volt sub-station there of Iowa-Illinois Gas and Electric Company had an hour's service breakdown in early 1950. It was found that a sulphurous acid mixture of smoke and fog, swept in from a nearby generating station by the wind when in a certain quarter, had collected on the insulators and caused flashovers or shorts. It was decided that the entire sub-station should be put under cover (which rarely, if ever, is done) as protection against this condition, and a steel framework covered with "Century" Roofing and Siding was erected. This "umbrella" has kept the insulators clear, and service uninterrupted.

In this, as in countless less unusual cases, experience has shown that "Century" Asbestos-Cement Corrugated is an ideal covering. It is composed of asbestos fiber and portland cement, subjected to

pressure to form a dense product, strong and durable. "Century" Asbestos-Cement Corrugated can't burn, is highly resistant to weather, rot, rust, and corrosive fumes, is proof against rats, termites, and other destructive insects.

The moderate cost of "Century" Asbestos Corrugated, erection and low maintenance expense, all contribute to an economical installation. Additional and substantial savings can also be effected by using TOP-SIDE* Fasteners over any steel framework, which eliminates scaffolding. Once up it stays and needs no protective painting. Consider the savings in labor alone.

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What's Happening to the Cost of Living

Total Cost of Living	Food	Clothing	Rant
Old New	Old New	Old New	Old New
August, 1941106.2	108.0	106.9	106.3
August, 1942117.5	126.1	125.2	108.0
August, 1943123.4	137.2	129.6	108.0
August, 1944126.4	137.7	139.4	108.2
August, 1945129.3	140.9	146.4	108.3
August, 1946 J44.1	171.2	161.2	108.7
August, 1947160.3	196.5	185.9	111.2
August, 1948174.5	216.6	199.7	117.7
August, 1949168.8	202.6	187.4	120.8
January, 1950166.9 168.2	196.0 196.0	185.0 185.0	122.6 129.4
August, 1950173.0 173.4	209.0 209.9	185.9 185.7	124.6 131.6
January, 1951181.6 181.5	221.6 221.9	199.7 198.5	
August, 1951185.6 185.5	226.4 227.0		
September 186.5 186.6	226.3 227.3	210.7 209.0	
October187.8 187.4	229.2 229.2	211.0 208.9	
November189.3 188.6	232.1 231.4	209.9 207.6	131.4 138.9
December190.0 189.1	233.9 232.2	209.1 206.8	131.8 139.2
January, 1952190.2 189.1	234.6 232.4	206.7 204.6	132.2 139.7
February	229.1 227.5	206.1 204.3	132.8 140.2
March	229.2 227.6	205.6 203.5	
April189.6 188.7	232.3 230.0	205.0 202.7	133.2 140.8
May	234.6 230.8	204.4 202.3	133.7 141.3
June	236.0 231.5	204.0 202.0	134.0 141.6
July	239.1 234.9	203.3 201.4	134.3 141.9

August, 1952 . . 192.3 191.1 238.4 235.5 202.7 201.1 134.7 142.3

*BLS has revised its formula for computing the cost-of-living index (BW-Mar. 10, 'S1, p112). Stock the old index is still widely used in labor-management bargaining, BLS will continue issuing both sets of figures at least through 1952.

Data: U. S. Bureau of Labor Statistics,

Why UAW Wants a Higher Floor...

... under c-of-l raises in auto contracts. If BLS' index should tumble, union now could lose too much hourly pay. Industry takes a dim view of opening 1950-55 agreements.

The Bureau of Labor Statistics' monthly cost-of-living index leveled off at 192.3 in mid-August-just a shade below the record high set one month earlier (BW-Aug.30'52,p32). As it did so, the United Auto Workers (CIO) asked General Motors to reconsider some provisions of what UAW and GM had agreed was a model contract back in May, 1950.

This contract had suspended wage bargaining until mid-1955. It provided that—for five years—wages would rise and fall with cost-of-living figures issued by BLS, and would be lifted once a year through an automatic "productivity" raise.

UAW President Walter Reuther and GM President C. E. Wilson predicted then that this "unprecedented" contract would have "a great stabilizing influence" in the auto industry. It would mean five years of labor peace for GM (BW-May27'50,p102).

• So Far, So Good—Undoubtedly, the GM pact of 1950—now generally followed throughout the industry—has lived so far to its framers' expectations. But now it may be running into rougher going. UAW is no longer happy about some features of the long contract. Mostly because living costs have gone up a lot higher than anyone expected when the GM contract was signed, UAW wants some changes. So last week the union asked that GM:

(1) Transfer a large part of present cost-of-living bonuses into the permanent GM rate structure—so that a downturn in living costs would not cut deeply into take-home pay. UAW recently got such a concession from North American Aviation, which shifted 12¢ of a 14¢ e-of-l bonus into its hourly pay.

(2) Pay pensions on a basis of 1952 living costs, not on the c-of-l of May, 1950. Since then there's been an approximate 15% rise in living costs, so UAW says a pension of \$145 a month should be paid, instead of \$125.

(3) Increase the annual productivity raise from 4¢ to 5¢ an hour. UAW argues that the 4¢ figure was based on an annual 2½% rise in productivity and wage rates existing in May, 1950; the same 2½% today would call for a 5¢ improvement-factor raise. UAW says.

UAW told GM that these demands are due only to the marked changes in the purchasing power of a dollar since 1950, not to any basic dissatisfaction with the GM contract. The 1950 agreement "must remain a living document giving recognition to the changing scene of American economy," UAW pointed out in urging revision now.

 GM View—GM isn't warm to the idea of opening the three major clauses of the 1950 agreement, which covers some 300,000 employees. Once before, it voluntarily opened a labor agreement with UAW in Canada, and it ran smack into trouble when no settlement could be reached.

From a practical standpoint, the shift of 21¢ of today's c-of-1 bonus would have no immediate effect on GM's labor costs—and perhaps no longer-term effects, either. By putting a floor under present hourly pay, though, it would have an enormous propaganda value for UAW's leaders.

• Escalator—For some time, resentment has been building up in UAW's rank and file against the escalator clause.

Auto workers complain that the pay gains they have made during the last four years can be erased, while comparable gains negotiated by steel, rubber, and other unions are a part of regular wages—and can't be taken away automatically if the c-of-l tumbles.

GM has a basic objection to the shift of any part of the present c-of-l bonus into regular pay. Despite the position taken by North American Aviation, GM and other auto people say the c-of-l bonus should remain precisely that—a bonus, nothing more. They contend that transferring part of "such a bonus into the regular rate structure would upset the whole idea of escalation."

Similarly, they agree that (1) no change should be made in improvement-factor rates midway in a contract, and (2) increased federal old-age benefits have already boosted monthly pensions.

Other companies are watching UAW's talks with GM with the knowledge that whatever GM does, they probably will have to do, too. Two years ago, Chrysler opened its contract voluntarily and gave a 10¢ raise, and everybody had to fall in line (BW–Sep.9'50, p112).

Last-Minute Talk...

... to employees by the boss can upset a labor board election-if the union hasn't had equal opportunity.

An employer is courting trouble if he addresses employees at the last moment before a bargaining-rights election, without giving the union an equal oppor-

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tunity to speak. Even if he carefully avoids coercive statements, he is risking a National Labor Relations Board rebuff. The board, suspicious of what it considers to be a new trend in industry, is bearing down hard on last-minute cam-

paigning by employers.
Under Taft-Hartley, coercion of employees is plainly forbidden, but an employer's free speech is protected by law as long as he makes no threat of reprisal or promise of benefits.

· One-Sided-Despite this provision, NLRB has thrown out eight representation elections lost by unions. The cause: Employers on the eve of elections had addressed employees during working time, or distributed handbills on the companies' property. The board based its decisions solely on this point: The companies had turned down union requests for comparable privileges.

In another case, the board refused to order a new election on the grounds that the union did not ask for the right to speak to workers in a plant where the employer addressed them on the eve

of an election.

Coercion wasn't involved in any of the cases, although NLRB said some of the speeches by employers were "clearly antiunion." But the board pointed out that waiting until the last moment to address employees may be just as unfair as denying a union the same privilege.

In the board's view, each side must have equal opportunity to present its Otherwise, the election arguments.

cannot be valid.

The Pictures--Cover by Randazzo & Morrison. The Bettmann Archive-92 (ctr. lt.), 92 (bot. rt.); Cal-Pictures-44, 45; Chicago Aerial Survey Co.-79; Chick Studios-134: Lynn Crawford-145; General Motors-28, 29; Int. News-30, 31 (bot.); Bob Isear-33, 34; Bernard Newman-90, 91, 92 (top, ctr. rt., ctr. ctr., bot.), 93 (top, ctr., bot. lt.), 94; United Press-31 (top), 60, 138, 150; Wide World-38, 46, 84 (lt.): Dick Wolters-84 (rt.).

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Kidde recommends quick-acting carbon dioxide because it cannot possibly damage your electrical equipment. Clean and dry, it swirls around obstructions, penetrates into complex wirings and smothers fire fast without harming the insulation. And no messy residue is left behind.

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ILWU Strike; Politics Again

Bridges' union resumes old tactic, walking out to protest his perjury conviction. But leftist leaders give move an economic mask to hold rightwing in line.

Harry Bridges' leftwing International Longshoremen's & Warehousemen's Union (Ind.) has dusted off a weapon it put aside several years ago-the political

work stoppage

ILWU pulled its dockers out on the waterfronts of San Francisco, Los Angeles, Portland, and Bellingham, Wash., in a 24-hour strike on Sept. 10. Instead of working, longshoremen demonstrated against a Ninth U.S. Circuit Court of Appeals decision upholding Bridges' conviction in 1950 for perjury.

About the same time, ILWU's Hawaiian members-on docks and on pineapple and sugar plantations-quit jobs for a day in similar demonstrations.

The stoppages were strictly politicalthe first major political strikes called by ILWU since 1948. Before that, political demonstrations were fairly commonplace for decidedly leftist ILWU.

· What's Cooking?-Now many employers of ILWU are worried. They wonder if ILWU is going back to its old habit of political stoppages. Will there be work interruptions to protest high rents and living costs, the war in Korea, the jailing of Communist leaders, and the like?

The answers is: Probably not.

Although political in character, the longshoremen's stoppages weren't just intended to publicize ILWU's position on Bridges to outsiders, or to demonstrate to federal courts the peril of reaching decisions contrary to the wishes of ILWU. They also were aimed at keeping ILWU members solidly behind their chief.

· Rightist Revolt-Once before, when ILWU's top leaders proposed what amounted to a political strike-a refusal by dockers to work if the government went through with plans for security checks-rightwing groups balked.

Presumably they would again on a strictly political issue involving a clearcut leftist position. ILWU leaders carefully dodged that possibility two weeks ago. They capitalized on two facts:

· Bridges is highly regarded as a leader by even the staunchest anti-Communist in ILWU. The rightwingers may not like his politics, but they do not want to lose his militant, successful leadership.

· Skilled union leaders can always find, in today's complex labor relations, some economic pretext for any action they might want their union to take. ILWU's top people are as shrewd as any in that way. They can twist political issues into economic issues without really working at it.

· Tempering the Wind-In ports with leftwing locals, ILWU didn't bother with these facts. But they made use of them, adroitly, wherever rightwing strength might endanger the proposed demonstration of solidarity behind Bridges. In San Francisco, for instance: There, Longshore Local 10 is firmly in the grasp of anti-Communists who reject Bridges' political views, but support him on economic matters.

If it had been convinced that the work stoppage broached at a meeting Sept. 8 was simply a political device, Local 10 doubtless would have refused to support it. But Local 10's members were told that Bridges' conviction on perjury charges isn't aimed at getting rid of a labor leader with possible subversive political views; it is aimed at getting rid of one who bargains too militantly and successfully for the comfort and profits of shipping interests.

Bargain-Baited Stores Outlast Picket Truce

AFL's Toledo Food & Service Trades Council pulled a switch on standard strike tactics in its walkout against five major downtown department stores. In an attempt to lure customers across picket lines, the five stores offered what union officials admitted were "outstanding bargains." The council took newspaper ads announcing that it would remove picket lines for one evening so that everyone could take advantage of the cut prices.

The council, representing five AFL unions that bargain with the stores, called the strike a month ago when bargaining with employers broke down. The unions asked for pay hikes, a union shop, and fringes. The employers claim that the strike stemmed only from the

union shop demand.

· Keep On Coming-Early autumn is normally a boom period for department stores. The AFL picket lines reportedly cut deeply into store revenues in unionconscious Toledo. When the council called its moratorium on picketing. crowds poured into the stores.

But a week after the bargain night, it began to appear as though the union scheme to harass the stores may have backfired: The customers kept on shopping even after pickets returned.

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AFL endorsement of Gov. Adlai Stevenson for the presidency brought the Federation's 71st convention to an expected climax this week (BW—Sep.20 '52,p1+1). The action was unanimous, although a number of delegations abstained—not because they opposed Stevenson but because they objected to AFL making its first formal endorsement of a presidential candidate since 1924.

Machinists' strike at Douglas Aircraft's El Segundo (Calif.) plant went into its second week (BW-Scp.20'52.p142) despite a growing dissatisfaction among strikers. El Segundo workers—plotting a back-to-work movement—complain their local leaders set the walkout, and posted pickets, in spite of the fact that a majority of members voted for a post-ponement.

WSB speedup is indicated in a blanket order by the Atlanta regional board, approving 10% wage boosts for 14,300 employees of 11 southeastern power companies. By lumping the cases, which were submitted by companies and AFL's International Brotherhood of Electrical Workers, the board cut processing time to a minimum.





When Is a Smoke Not a Smoke?

Few grievances can flare up hotter than one involving a workman caught trying to snatch a few quick puffs on a cigarette in a non-smoking area. North American Aviation Co. found that out recently at its Downey Plant, in Los Angeles.

It found, too, that there can be a question about when a man is smoking.

A plant guard surprised two workmen in a rest room (a no-smoking area) with

cigarettes ready to be lighted. One was holding a lighted match.

Obviously, they intended smoking. The company took disciplinary action against them. The plant union, AFL's United Automobile Workers, defended the men and took the case to arbitration.

Michael I. Komaroff, impartial arbitrator, ruled that the case depended on the answer to one question: whether or not (the employees) were actually smoking when the plant guard cited them for violating the no-smoking rule. And that, he said, hinges on "exactly when smoking begins: when the package is taken from the pocket, when the eigarette is removed from the package, when it is placed in the lips, or when the eigarette is actually lit."

He decided that "the only fair thing is to draw the line at the moment when the actual physical act of smoking begins."

So, he ruled, the two men weren't smoking, and were improperly disciplined.

BUSINESS ABROAD

The Man Who Hit the Jackpot

- He's the example that Point Four boosters are holding up to U.S. business. They tell stories like this:
- An aviator, in Brazil, ran \$10,000 into a giant logging business.

The U.S., greatest creditor nation in history, has to export huge hunks of private risk capital if there's to be a stable, expanding free world economy. So say most experts on international economic policy. Lately they've been bewailing the fact that less than Sl-billion annually in direct new investments (last year: S963-million) is going abroad—and oil investment alone accounts for half of that. A yearly outflow of perhaps S4-billion, they say, might be more in keeping with U.S. aims and needs.

Eric Johnston, fast-talking chairman of President Truman's International Development Advisory Board, and the Point Four people are trying to do something about it. This week, in San Francisco, they launched the first in a series of conferences aimed at selling U.S. business—big and small—on gambling their dollars overseas.

• Panel Talks—The audience at San Francisco was bombarded with facts and figures about foreign investment by a panel of experts. World Bank and Export-Import Bank officers, Point Four officials, and a covey of foreign dignitaries spoke from the government level. Outlits like International Harvester and International General Electric sent executives to tell how foreign investment looks to businessmen.

Johnston wants to stage similar panels in Chicago, Boston, and New Orleans with the backing of chambers of commerce and world trade groups. "Anybody with \$1,000 to spare is invited," according to Johnston. He especially wants to make small businessmen aware of opportunities outside the U. S.; even if they don't invest, he hopes that the conferences will stimulate interest in the problems of business abroad.

Johnston and company have a big selling job to do. Studies of postwar U. S. foreign investment have been gloomily pessimistic about the chances of luring dollars outside the three-mile limit. Anti-Americanism, nationalization (as in Iran) or the threat of nation-

Chilean aversion to fish bones gave a visiting U.S. official the key to prosperity.

A clerk, pining for coffee in Colombia, created a string of snack bars there.

 Big companies, too, by diligence have tapped cash sources in Liberia and India.

alization (Bolivia, Chile, etc.), crippling trade and currency controls, and tax discrimination are the pitfalls usually cited.

• Why Gamble?—A growing number

 Why Gamble?—A growing number of experts now emphasize a simpler reason for U. S. capital timidity: an unwillingness to run even normal risks abroad while there are plenty of tempting, blue-chip investment opportunities right here at home—or safely next door in Canada.

Eric Johnston, a veteran promoter, has a gimmick that he hopes will counter this kind of investor inertia. He's trying to kindle in businessmen some of the buccaneering spirit that drove British investors to develop half the world in the last century. He's peddling a hatful of little varns at the conferences about how Yankee business daring and initiative have paid off handsomely in various parts of the world. Here's a sampling:

A Former Airlines Pilot . . .

Belem, Brazil, a few years back with \$10,000 in his pocket. There weren't many American businessmen around, but the place seemed to smell of money to him. So he put his roll into a timber project, made \$500,000 the first year only to lose it when his partner ran out on him. The pilot went around to the local bank that held his notes and delivered himself up for lost. The banker figured he must be honest and backed him to the full extent of his losses.

Today, he's one of the biggest taxpayers in the Brazilian state of Para. His logging business is booming, principally in railroad ties for Europe; he holds concessions covering millions of acres.

Now he's off on another tack. He thought there might be some undiscovered minerals around, so he passed the word to natives that he stood ready to buy any heavy rocks they might bring in. Now he thinks he may have a rich tin deposit.

Sears, Roebuck Hoatied . . .

. . . by government import restrictions on consumer goods when it decided to set up shop in Brazil, was allowed to bring in only about 5% of its merchandise from the U.S.

Instead of backing out, Sears interested a string of Brazilian businessmen, plus U.S. firms on the spot, in setting up factories or expanding present facilities to make the needed articles. Now Sears has three Brazilian stores, with good profits and solid relations with Brazilian business concerns and government.

It hasn't been all beer and skittles for Sears, though. Brazil's recent exchange troubles have resulted in tighter-than-ever import and currency controls (page 156); Sears management says as long as the situation continues, there will be no further expansion in Brazil. But there's a silver lining: Thanks to the policy of building up local suppliers, Sears has been able to keep its shelves full of merchandise.

An Official Went to Chile . . .

a Washington agency. He liked the climate, decided to stay. He noticed that Chileans weren't eating much fish, despite their long coastline. Then he figured that Chilean housewives might be just lazy enough to shun fishbones—like their North American sisters. So he put his savings into a filleting plant, later parlayed it into a string of fishing boats, packing plants. Now he sells fish all over Chile.

The Liberian Story . . .

... is pretty well known to foreign investors, but Johnston and the Point Four people like to tell it anyway. Firestone Tire & Rubber Co. was told it was sheer folly to put a nickel into Liberfa until Liberians had made exhaustive studies of the land and resources. Firestone went ahead and did it alone. Last year, the company exported \$45-million worth of rubber from the West African republic.

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Republic Steel Corp., through its affiliate Liberia Mining Co., is reaping nice profits from its investment in the Bomi Hills iron deposits. (The investment has been so successful that Liberia, following the pattern in Middle East oil, has asked for 50% of the profits BW-Jul.5'52,p80.) Recently R. G. LeTourneau Inc. joined the Liberian parade by getting a long-term concession which will be used to develop production of tropical woods and rice. Later, LeTourneau hopes to branch out into light industry and mining.

A U.S. Store Clerk . . .

... managed a trip to Colombia on his vacation and had trouble getting a good cup of coffee in one of the major coffee-producing nations in the world. So he drew \$500 out of the bank and built a coffee and snack bar. Today, he owns a chain of them; he's a wealthy man—by any standards.

India Has Long Interested . . .

. . U. S. business and government officials as a potentially fertile field for investment. Their hopes were rewarded over the past year or so as the Nehru government—which once feared dollar investment—has spread the welcome mat out for U. S. industry.

One company that helped break the ice was American Cvanamid Co. Earlier this year it opened a pharmaceutical and dyes plant near Bombay; Cvanamid has 10% ownership and local capital controls the rest. But the plant is almost completely under American management.

It took Cyanamid four years, plus a lot of imagination and ingenuity, to work out the deal. The profits prognosis is excellent.

Two other companies went into India via another route—by making a deal with the government rather than with local businessmen. Standard-Vacuum Oil Co. and California Texas Oil Co. are each building refineries in India; after long negotiations, they got New Delhi to agree to terms that include a 25-year guarantee against nationalization and guarantees covering profit transfers to the U.S. Both the oil companies and Cyanamid are the



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trailblazers for other U.S. businessmen who want to look at India.

• Not Enough—These success stories are taken at random—the experts who work in the foreign investment field have hundreds to tell. They prove it can be done. But the fact is that it isn't being done enough. Many economists estimate that the U.S. should be investing closer to \$4-billion abroad each year if we are to:

 Finance our export surplus without government handouts abroad.

 Assure the U.S. of adequate supplies of raw materials in the future.

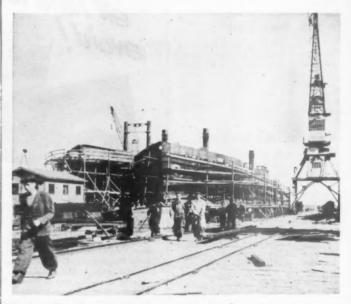
 Drown out the siren song of communism in underdeveloped lands.

 Block the spread of socialistic controls and economic nationalism in foreign countries bedeviled by dollar shortages and memories of days when some foreign investors tended to ignore the interests of their hosts.

Johnston and the Point Four officials don't write off the hazards and special problems involved in investing abroad. But they argue the dangers will never be reduced and the problems never licked if businessmen don't go in and lick them on the ground.

• Guarantees—Certainly much foreign investment isn't for widows and orphans. But neither is it a wild speculation. U.S. government guarantees now cover initial investment and reasonable profits against loss through expropriation or currency inconvertibility in many countries. Washington feels the guarantee program hasn't been given sufficient study by businessmen.

Washington adds another word of advice. The prospective investor would be smart to rope some local capital into a project. More and more big U.S. firms are doing it—thus parrying the charge of "dollar imperialism" and gaining a lot more pull with local government authorities. The Sears setup in Brazil, and Cyanamid's deal in India are good examples of what can be done.



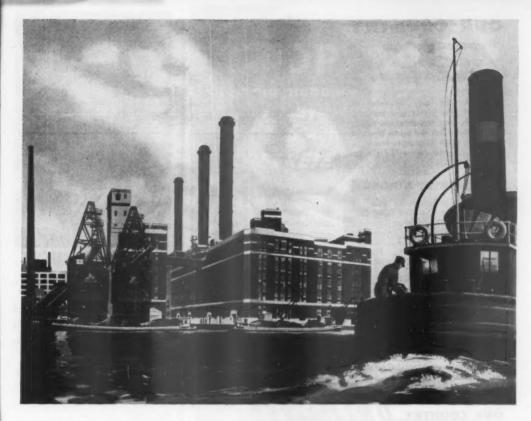
Finland's Shipyards Pay War Debt-But . . .

Finland has once again lived up to its reputation as one of the world's most reliable debt-payers.

Last week the Finns delivered a small schooner to Russia—the last instalment on the big reparations bill that Russia levied on Finland in 1944. The original bill was for \$300-million (1938 prices), but postwar inflation sent costs soaring to approximately \$570-million.

Like the barges that were built at the Rauma-Repola yards (above), the schooner was part of a fleet of 523 ships called for under the treaty. At \$80-million, they were the largest of the 240 items that made up the bill.

To construct the ships, Finland created a shipbuilding industry where none existed before. Now, with reparations over, Finland finds itself with an inflated industry that will have trouble finding customers due to high costs. A recent trade agreement with Russia will keep the yards going until 1955, but the Finns fear that after that they may have a white elephant on their hands.



East River to get big new job

The scene is Consolidated Edison Company's expanded steam-electric generating plant along New York City's lower East River.

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Here, in the near future, will be installed the world's largest single-shell condenser—a house-sized Worthington apparatus that will enable a powerful steam-turbine generator to produce as much as 30% more electricity than would be possible without it. Inside the giant unit are a total of 105 miles of 30-foot aluminum-brass tubes through which cooling East River water will travel at the rate of 138,000 gallons every minute.

While converting steam to water, the

condenser removes in an hour enough heat to supply the entire daily hot-water requirements for all the families in a city the size of Flint, Michigan.

Worthington first began building condensers in 1840, just 70 odd years after James Watt constructed the first one to raise the efficiency of his steam engine. Today, they're just one of the many kinds of apparatus Worthington makes for those great electric utility companies that are constantly working to make possible a more productive America.

Similar Worthington pioneering in the design and production of other kinds of equipment has led to the manufacture of 14 major product lines for widely diversified industrial and commercial markets in the U. S. and throughout the world. Worthington Corporation, Harrison, N.J.



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FREE ...

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OUR COUNTRY STRONG

Some say we are short of "this," or failing at "that." But we know that the strength is there. Our country's strength is the total of all its past and people, and all our united determination for the future. That is the strength we have—and can always count on.

OUR COUNTRY YOUNG

Remember that — less than five times as old as you, if you are 40! Sure we have made mistakes—done some things badly — and left many undone. But the total of all of them is small and unimportant — compared to what we have done — and have now — and will do.





ment of natural resources.

Axel Wenner-Gren, the Swedish financier who made a fortune when he founded Electrolux Co. in Sweden in the early '20s, is looking around for

looks likely to speed develop-

new worlds to conquer.

He has been visiting Southern Rhodesia, where he says he's going to invest \$5.6-million in a company to develop natural resources. The company, Capricorn Africa Development Corp., has not yet been registered, but Southern Rhodesian officials in London are sure he means business.

Furthermore, he reportedly will have two partners in the new development enterprise: Ake Lillas, Finnish-American businessman, and Col. David Sterling, wartime leader of the British commandos in Libva.

• Fertile Field—In choosing Southern Rhodesia as a field for investment, Wenner-Gren shows that he hasn't lost his eye for a good deal. A great part of the country has never been thoroughly surveyed. The surveys that have been made indicate that vast quantities of gold and nonferrous metals are waiting for development. And no other country has the potential waterpower that Victoria Falls offers to Southern Rhodesia.

There's also room for expansion in agriculture. Tobacco, for example, is now being produced for the British market on a small scale. More capital

OUR COUNTRY UNLIMITED

A few are saying that the "frontier" is gone, that there is no place where a pioneer can strike out on his own. They are the kind who wouldn't have taken the Santa Fe Trail because they didn't have the imagination to see where it would lead—or the ambition to get there. The rest of us know there are—and always will be—trails of progress to be developed by pioneers of the land and of the mind—and Americans who would rather make a new trail than take an old highway.

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and use of modern methods could greatly increase production.

greatly increase production.

• British Tie—The area may soon offer an even better opportunity for investment. London proposes to bring copper-producing Northern Rhodesia, food-producing Nyasaland, and Southern Rhodesia into one political-economic unit, to be called the Central African Federation.

Politically, Southern Rhodesia is firmly pro-British. Economically, it depends on the London capital market to finance its industries. The Southern Rhodesia government has sold £30-million in bonds on the London market

since the war.

With these close ties to Britain, Southern Rhodesians may be choosy about non-British capital. However, U.S. investors will probably be welcomed, as long as they seem interested more in developing the area's resources than in mere speculation on get-rich-quick schemes. Prospective investors can count on an honest and efficient local administration.

 Swedish Midas—Wenner-Gren has shown a golden touch throughout his career. Just about every business he's been in has thrived, be it vacuum cleaners, iceboxes, matches, paper, airplanes. When World War II broke out, Wenner-Gren was reported to be worth somewhere between \$50-million

and \$100-million.

One of his pet projects of late has been monorail transportation (BW–May17'52,p143). He plans to try the system in Rhodesia after finishing up experiments in Germany. He thinks the system will work out fine on the open spaces of South Africa where traffic is too thin for heavy railroad in-

vestment.

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Ronson Suit Ignites \$12-Million Flashback

Hilton Lite Corp., San Francisco producer of made-in-Japan, assembled-in-the-U.S. cigarette lighters, has tangled with Ronson, titan of the U.S. industry. Last week, Hilton filed a \$12-million counter-suit in answer to the \$1.1-million suit Ronson leveled against it a

month ago.

George C. Wagner, who had been importing finished lighters from Japan, set up Hilton last spring to assemble lighters from Japanese parts. He figured this would save time and costs, help him skirt import restrictions (BW-Jul.12'52,p14'3). The lighters are similar to Ronson's in styling, and employ the automatic device that set Ronsons apart from other lighters until the patents ran out in July just before the Hilton debut.

Hardly a Hilton had been sold before



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Ronson slapped a suit on the company declaring that it was "slavishly" imitating its models, trading on the Ronson reputation by adopting a name similar in sound.

 Charges—The counter-suit specifically charges Ronson with attempting to ruin Hilton's business by buying up all the dies it could find in Japan. Hilton says that Ronson didn't want the dies, but bought them just to stifle competition.

In general, Hilton alleges that Ronson and its 20 wholly owned subsidiaries are breaking antitrust laws by employing interlocking directorates, rebates, other discriminatory methods. This, says Hilton, has led to a \$34-million business in 1951–85% of the total lighter business in the U.S.

BUSINESS ABROAD BRIEFS

Dr. Hjalmar Schacht is in the Middle East again. This week the German financial expert arrived in Cairo to advise the government on fiscal policy. He had returned last week from Iran where he performed the same function.

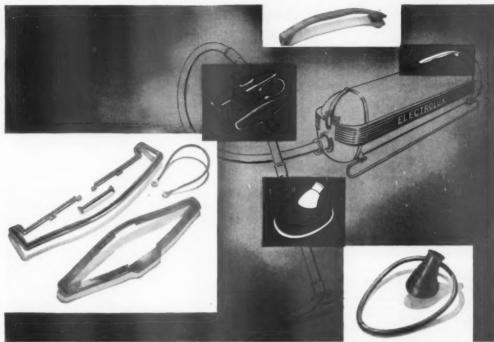
British jet designers are working on the Mark IV Comet, an airliner capable of carrying 100 passengers, 5,000 mi. nonstop. Sir Miles Thomas, chairman of British Overseas Airways, says the new plane will be in production sometime between 1958 and 1960.

In Mexico this week: The Mexican Labor Federation said it will campaign for a worker's share in corporation profits when the new Congress takes over in December. The federation, which controls over 85% of the workers in Mexico, couldn't get the present Congress to pass such a law . . . Du Pont's Mexican subsidiary bought a paint plant near Mexico City from Industria Electrica de Mexico. Du Pont plans to manufacture lacquers, enamels, other finishes at its new plant.

Puerto Rico's industrial development program hit a new high last month when eight new plants began production. That brings the total of new plants up to 183 since the program got under way in 1947.

Brazil and Japan have signed a \$69million, one-year trade agreement. Brazil will export \$35.6-million worth of raw materials to Japan, will receive \$33.5-million worth of Japanese machinery.

Latin American exports to the U.S. and Canada are on the upgrade. Exports to the U.S. are running about 5% over last year, and those to Canada have doubled.



Elastomeric parts produced by Hungerford Plastics Corp., Rockaway, New Jersey

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weight, resistant to water, oils and greases, alkalies and most strong acids.

Economically molded or extruded with wide range of color—VINYLITE Elastomeric Plastics combine resilience and shock resistance with other requirements of good design. As wire coatings, hose, sockets, knobs, handles and refrigerator door gaskets, for instance, they utilize outstanding properties that make them useful for scores of products in defense and industry.

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For today's problems

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Motors and machines, now difficult if not impossible to replace, must be protected from abuse. Users say the very best is dependable Cutlor-Hammer averland protection housed in genuine temper-proof Unitrol.

Time was never more important, adequate help never harder to find, new equipment or repair parts never so difficult to obtain. These are the problems of industry today . . . and no set of problems could point more clearly to the fundamental importance of dependable motor control. By its uniformity of response, dependable motor control integrates men, motors, and machines into smoothly operating, time-saving production units. It makes possible dependable automatic equipment that conserves manpower. It protects motors and machines from

Cutler-Hammer general purpose motor control is recommended by a majority of all electric motor manufacturers, is featured as standard equipment by machinery builders, is carried in stock by recognized electrical distributors everywhere.



damaging overloads and the resultant intolerable production interruptions.

Many users of electrified industrial equipment have long recognized the importance of dependable motor control and have consistently specified Cutler-Hammer Motor Control in their purchase orders. Many more are doing so today. If your company has not yet adopted a definite policy on the rigid specification of Cutler-Hammer Motor Control, this is the time to take such action. CUTLER-HAMMER, Inc., 1275 St. Paul Avenue, Milwaukee 1, Wisconsin. Associate: Canadian Cutler-Hammer, Ltd., Toronto.

INTERNATIONAL OUTLOOK

USINESS WEEK EPTEMBER 27, 1952



Homefront politics all but crowded the cold war out of the papers this week. But events abroad aren't just marking time until election day:

- NATO faces a stern test this fall. The military is worried that the Soviet buildup is moving a lot faster than the West's.
- The Kremlin's German unity theme isn't dead yet. Unifying the country is still a supreme ambition—especially to the Germans.
- Communism is apparently again shifting to a "popular front" strategy around the world.

The Soviets may not be building new divisions—the total is still supposed to be about 175—but they're adding strength in other ways.

The Red army is being equipped with new, modern tools. That ought to increase combat efficiency. And the pepping up of satellite forces has reached a point where they must be taken seriously in figuring the East-West military balance.

More and more our allies doubt that the Soviets are planning war. So they're reluctant to push defense spending much above this year's levels.

Before yearend, NATO's high command will have to fix 1953 defense goals—satisfying both the soldiers and the politicians who control the purse strings. That won't be easy.

One money-saving idea under discussion: Both Britain and France, say the experts, are using up too many resources for a wide range of heavy military equipment; better to assign the heavy stuff to the U.S., let them concentrate more on troops, lighter equipment.

Trouble is that London and Paris—for reasons of security, pride, and internal politics—want to keep balanced shipbuilding, aircraft, and arms industries.

The East German delegation's trip to Bonn underlined Soviet aims clearly: to prevent, delay, or muddle German participation in the European federation movement (page 32).

Most West Germans aren't being hoodwinked; they'll stick with the firm line laid down by Chancellor Adenauer. But observers in Bonn warn the West not to underestimate West Germany's yearning for unity with the East.

The Russians may not have played their last card in the unity game. The coming months could be sticky for Western diplomats if the Soviets decide to grant some concessions to the West Germans.

Paris is pretty sure that the upcoming party congress in Moscow will call for a revival of the prewar "popular front" strategy. Reds around the world will be told to softpedal violence and cooperate with non-Communists.

You get strong hints of that line from the hassle in the French Communist party. The moderates now seem to have the upper hand over the militant revolutionaries (BW-Sep.20'52,p160).

Most observers think that the French Communists are too badly split to succeed. But others fear that by capitalizing on French economic woes, the popular front could mean trouble for the Pinay government.

The Kremlin may have some troubles in its own back yard. There could be a food crisis in the satellite countries this winter.

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK SEPTEMBER 27, 1952 That's because of an insufficient crop in the Soviet Union and a drought that baked Central and Southeastern Europe's grain fields. It's reported that the Czech government in particular is preparing its people for a scantier larder—and sterner penalties for complaining.

Food was on the minds of a group of economists meeting in London this week. They're preparing the ground for the November meeting of British Commonwealth prime ministers.

They're looking for policies to stimulate production of food, raw materials, and basic industrial products in the sterling area countries. After the first postwar reconstruction phase, most capital development has been in secondary industry and urban utilities. Farm and mineral production was neglected.

That's considered to be a factor in the sterling area's nagging dollar shortage.

The big question on resources development is: Where will the capital come from?

London will provide some. But large-scale plans are likely to depend on the U.S.

Another matter hinges on our attitude: an effort to stabilize purchases—possibly prices—of leading sterling raw materials. It's argued in London that the boom-and-slump following Korea cost more through disrupted economies, panic spending, and bad investment than the whole Marshall Plan.

South Africans are sure to ask for Commonwealth support in a campaign for a higher gold price in November.

They'll argue that half the sterling area's dollar problem would be solved if gold had risen equally with other commodities.

That view no longer brings smiles in London. Opinion is building up that the price of gold is worth some fresh consideration in Washington.

The Brazilian business picture is worsening steadily.

The total backlog of debts to the U.S. is estimated as high as \$500-million to \$700-million. Brazilian inflation is running hogwild.

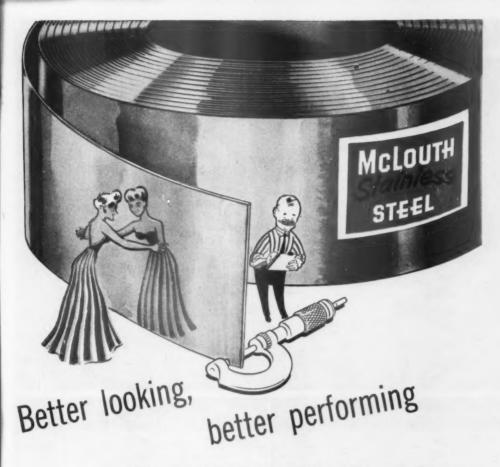
Washington expects a back-door devaluation in the near future through the medium of a new free market to be set up for capital transfers. A big slice of Brazil's high-priced exports might be slipped into the new free market. That's tantamount to devaluation.

Washington is gloomy about chances of closing Brazil's dollar gap quickly and easily.

Annual report: British Overseas Airways Corp., state-owned, made a profit of £250,000 in the year ending in March. That's the first black figure for BOAC since the war; in previous years it lost money hand-over-fist.

The good showing is due partially to a new fleet of modern airplanes though the jetliners and turboprop planes only began flying this year. BOAC also says it has pared its staff by one-third, and trebled productivity.

London's comment: BOAC is just about the only nationalized industry unable to find shelter behind a monopoly. Instead it's been exposed to healthy international competition.



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REGIONAL REPORT



Federal Reserve District	July 1951	June 1952	July 1952	Federal Reserve District	July 1951	June 1952	July 1952
1. Boston	229.6	238.9	238.0	8. St. Louis	276.2	283.0	283,5
2. New York	250.5	250.2	252.5	9. Minneapolis	293.0	305.6	303.1
3. Philadelphia	249.1	252.7	250.0	10. Kansas City	313.6	347.1	345.5
4. Cleveland	265.8	267.8	265.7	11. Dallas	353.8	389.9	387.9
5. Richmond	286.0	301.0	294.4	12. San Francisco	308.4	322.5	320.5
6. Atlanta	316.9	358.9	351.2	U. S. Composite	276.6	287.6	284.9
7. Chicago	271.7	278.0	270.0	1941=100, adjusted for seasonal July figures preliminary, June revised			

Incomes Hit Low Point in July

Under the combined impact of drought and the steel strike, income in July dipped. The national composite of BUSINESS WEEK'S Regional Income Indexes showed a decline of 0.9%.

But August figures are likely to show a slight increase and September will snap back brightly to better-than-June levels.

The gain over a year ago for the country as a whole in July was only 3%, which is the smallest year-to-year

increase in income since March, 1949.
• Strike Effects—You can see the effects of the steel strike in the region-by-region comparisons. The three regions which made the poorest showing in comparison to a year ago were Chicago, Cleveland, and Philadelphia. These have a vast majority of the nation's steel mills as well as its steel-using industries.

All regions except New York and St. Louis declined between June and July, with Chicago, Atlanta, and Richmond slipping most. In the two southern regions, drought was chiefly responsible. Atlanta, however, is doing so well that, even after the drop, its position, as against year ago, is better than any other region.

With fall closing in, farmers can look back on a year of extremely bad weather over a good two thirds of the nation. At this time, the most serious danger is the prospect of feed shortages. Im-



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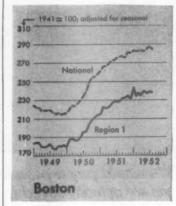
St. Louis 21, Mo.

proved grazing from late rains will help, but winter feeding is sure to be an expensive operation. Many farmers may sell their cattle as the easier alternative, even with livestock prices which are consistently under last year.

• Farmers Even—So far this year, farmers as a group are holding just about even with a year ago. For the first eight months, receipts from farm marketings were 3% above last year's. The physical volume of farm products sold was up 5%, but prices received averaged a little lower. At the same time, prices paid by farmers were 4% higher. Because of these higher costs, the Agriculture Dept. points out, farmers' realized net income this year is apt to be a little lower than it was in 1951.

The dirt farmers have done considerably better so far this year than the livestock men. Cash receipts from crops in the first eight months were up 18%. Most of this increase was due to higher prices; volume of marketings was up only 8%. On the other hand, receipts from sales of livestock and livestock products were down 4%; a 7% decline in prices more than wiped out a 3% rise in volume.

Here is how BUSINESS WEEK reporters in four of the twelve regions see the news that has affected income patterns since July:



THE PICTURE in New England is rosier than it's been for months. Of its three major depressed industries, leather was the first to start recovery; now jewelry has joined it on the road back, and there is more optimism in textiles than there has been since early 1951. This comes on top of already very strong conditions in the region's heavy industries—in electronics, transportation equipment, and machinery.

• Textiles Come Back—There are signs that the textile recovery, which came first to the South, is reaching New England as well. Woolens are leading the climb back. Production has improved, and the prospect is for improvement the rest of the year over the drab first half. Civilian buying is picking up. Workers are being recalled, and in some places the industry is operating on three shifts—a marked change from the collapse it suffered last winter. Strength in wool products is also shown in price increases of around 5% in carpets.

There is also more optimism in cotton textiles. Prices are firm to rising, and there are enough orders on the books for improved mill schedules, leading to better mill margins and profits for the rest of the year. Predominantly textile towns such as Lawrence and Lowell in Massachusetts have taken

a turn for the better.

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Wage cuts, granted by arbitration, are helping New England meet competition from the South and get its share of the current textile recovery. Basically, though, the industry's troubles cannot be solved this way, when its wages are relatively low compared to those in other industries in the region. Take the case of Bigelow-Sanford, in Thompsonville, Conn. It needs some 300 new employees to step up carpet production. But Bigelow is having a hard time persuading workers it laid off to come back. They would rather go with near-by Hamilton Standard (airplane propellers), where wage scales are higher.

· Resorts Boom-This has been a record year throughout New England for the important resort and vacation business. Rates were high and vacancies few, and many areas reported gains of 10% to

20% over last year.

The region's heavy industry is still basically very strong, but suffering somewhat from after-effects of the steel strike. While many companies have orders on hand that will keep them busy into 1954, operations are slowed now by materials shortages. Most of the labor idled by the strike is back, but on a shortened work week. Many producers feel it's going to be early 1953 before production regains its prestrike

• Connecticut Strong-Connecticut is still the strongest state in the region. Hartford is one of only four labor shortage areas in the country. Pratt & Whitnev already has 1,300 workers at work on piston engines at its new plant in North Haven, and employment will be stepped up to 4,000 by Nov. 15. And Hamilton Standard, another subsidiary of United Aircraft Corp., has just about completed its move from East Hartford to a new \$10-million plant in Windsor Locks. Employment is up to 5,000 from 3,000 a year ago, and another 1,000 workers are slated to be added soon.

• Rhode Island Up-Rhode Island, long



GARDNER-DENVER probes the way for Denver's nifty sniffer!



Drilling the hole-without damaging the street - with the Gardner-Denverrock drill.

Smells gas where the human nose cannot! That's what this electric gas smeller does. The gas company supplying Denver, Colorado, uses it to discover tiny gas main leaks before they become dangerous.

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TOLEDO.

HEADQUARTERS FOR SCALES

ing signs of improvement. Almost half of the state's manufacturing employment is in textiles. Although conditions in the industry have already improved considerably, textile employment is still 10,000 or 15,000 below normal. Any really marked upturn in the industry is bound to affect Rhode Island in a big way.

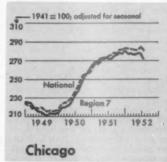
fewelry, the state's second largest industry, is also looking up. Part of this is seasonal, as the industry prepares for the Christmas rush, but the easing of restrictions on the use of copper is giving the industry more freedom. Employment is expected to reach 24,000 to 25,000 by November.

• Milk Output Off—The outlook for farm income in the region, though it is still good, has dimmed somewhat. Dairying, kingpin of the New England farm economy, was hard hit by the drought. The winter milk production, however, should be stable. With a good hay crop, and late rains pulling corn yields up, the region has a generally good supply of home-grown feeds.

Except for Maine and Vermont, eggproduction is riding downhill in most of New England.

The fall crop of potatoes will top last year's, and, at present high prices, should help farm income considerably. Drought hurt the Maine crop some, but even so, the state will dig 51-million bu.—5-million more than last year, although still under average.

New England is picking a light crop of apples. Dry weather held down size, and seab has infested the important MacIntosh crop. Prices should be somewhat higher than last year.



VER-ALL BUSINESS activity in the Chicago region is definitely stronger and improving. Business sentiment has reversed. In contrast to the pessimism that prevailed a few months ago, almost everybody expects good business this fall.

• Snap Back—The region has made a striking recovery from the effects of the steel shutdown. Even those areas

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 to own homes practically.
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This advertisement is sponsored by the United States Savings and Loan League in behalf of the 3850 member institutions that exhibit our emblem.

The same general type of institution is also familiarly and legally known as: co-operative bank, building and loan association, homestead association, savings association, building association. which suffered most snapped back quickly. Many smaller steel users had enough stocks on hand to carry them through, and some manufacturers stopped operations before steel supplies were completely exhausted, and so had enough inventories to start full scale production as soon as the strike was over.

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Auto production in Michigan is scheduled at a high rate from now on, as the industry tries to catch up on output lost during the strike. The employment outlook for the Detroit-eastern Michigan area is making a complete turnaround, with a shortage of manpower already being talked about widely.

In fact, employment is up almost everywhere in the region. In northern Indiana, La Porte, Michigan City, and Elkhart have chalked up employment gains and are optimistic about the future. The area around Manitowoc and Green Bay, in eastern Wisconsin, is doing very well. Defense contracts have helped in Green Bay, and increased supplies of aluminum permit expansion in fabricated metal products in Manitowoc. In the same area, textile employment is up in Appleton.

• Labor Tight—In Chicago, which was severely hit by the strike, expansion is expected to continue beyond the point of mere recovery. The volume of defense production is turning upward, particularly in aircraft and ordnance, and construction has been strong this year. Aurora and Joliet, in the same area, are also strong. Skilled labor is scarce in both.

Aside from the International Harvester strike, which may have the effect of taking the Rock Island-Moline-Davenport area off the tight labor market list temporarily, farm equipment manufacturers are strong. The steel industry is working at capacity. Appliance manufacturers are increasing production. Radio-TV is strong, and leather and textiles are turning up.

• Farmers Doing Well—And things are good in agriculture too. The region has had near-ideal farm weather this year—almost entirely unmarred by the drought and floods which hit other regions.

The outlook for feed and forage for the fall, winter, and spring seasons is almost universally excellent. With the help of the weather, the corn crop has come to maturity in record time, so that danger of damage from early frost is slight. The crop is big, but not record, largely because acreage was trimmed to fit labor supplies. Yields rose in the closing weeks of the growing season, with the estimated Iowa yield an all-time record of 62 bu, to the acre.

Oats came through less handsomely. Production was below last year's fine crop, but still moderately above average. Hay, on the other hand, just barely

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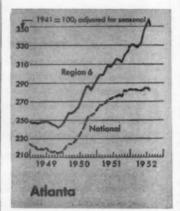
missed matching last year's record crop. Pasture for fall grazing is, on the whole, excellent.

• Shift to Beef-In spite of the superb feed and forage base for livestock, milk production has dropped below last year, except in Indiana and Michigan. The decline in Iowa, Illinois, and Wisconsin is still another sign of the continuing shift from dairy to beef, particularly livestock feeding. Beef feeding is an expanding enterprise, and inventories of feeding stock are at near record

The switch away from dairy products may also be accompanied by a shift from pork to beef. The region's spring pig crop ranged from 14% (Iowa) to 2% (Indiana) below 1951. Fall farrowing will also be down, by as much as 15% (Michigan) and as little as 3% (Indiana).

Illinois, Indiana, and Iowa are harvesting big crops of soybeans for oil crushers. As in corn, Iowa has a record yield-nearly 20% better than the aver-

Michigan fruit growers are having only a fair-to-middling year. The apple crop, injured by drought in southeastern Michigan, fell off to about 6-million bu.-less than last year and also less than average. The peach harvest is six times larger than last year's short crop. but still below the average. The same is true of grapes-better than last year but still under average.



WO TRENDS DOMINATE the Atlanta region—textiles are doing very well, but drought has given farmers plenty of bad news.

• Textiles In High-Signs abound that the long-awaited recovery in textiles has at last arrived. The pickup has been especially noticeable in Georgia and Alabama. Not only are govern-ment orders flowing into the area, but finishing mills are increasing orders for immediate and future delivery. Inventories have been almost completely worked off. Mills are recalling workers

worked oil. Whils are recailing where so at a fast clip, and many have gone back to five and six-day production.

Pepperell Mfg. Co. is building a new sheet factory at Abbeville, Ala., that will employ 250 people. Producthat will employ 250 people. Froduction is rolling at the huge new Chemstrand Corp. plant at Decatur, Ala. The company expects eventually to have some 6,000 workers manufacturing Acrilan, its new synthetic fiber. American Woolen Co. will establish a woolen plant employing several hundred at Tifton, Ga.

A sign of confidence in good times ahead: This month North American Rayon Corp. and the American Bemberg Division of Beaunit Mills, at Elizabethton, Tenn., signed a labor contract giving workers increased benefits totaling \$1-million a year, and running for three years. The two AFL unions which signed it called it "the largest package agreement in the rayon industry in the past 18 months and the first to contain a wage increase.'

· Apparel Strong-Except in Florida, apparel, too, continues strong. Buving on the Atlanta fall clothing market in mid-August was reported heavier than in the last several years, with slight price increases in sight.

New TVA steam plants are under construction in eastern Tennessee, near Harriman and Rogersville. The millions of tons of coal ordered by TVA for new steam plants is a boon to the coal industry here and in northern Alabama.

· Georgia on Top-Georgia is still the strongest state in the region, with Mississippi probably the weakest. Mississippi suffers because more than half its industrial workers are in only two industries, lumber and wood products, and apparel. The transportation equipment industry, however, has been gaining. It now has about 5,500 workers, more than double a year ago. And Gulfport's \$2.5-million port modernization program is nearing completion. It will give the town, and the state, a new 80-acre industrial area along the Gulf.

Economic activity in Louisiana, which has fluctuated considerably in the last few months due to a variety of labor disputes, now has leveled off with employment roughly 9,000 over a vear ago.

• Farmers Hit-The region's bad news is in agriculture. The drought handed this region a real shellacking. Tennessee, Alabama, and Georgia were all designated as drought disaster areas by the Secretary of Agriculture.

In Georgia, Alabama, and Florida, cotton suffered multiple troubles: drought first, then too much rain, insects, and boll rot. The three states' combined crop will be off almost 25%

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RITEX REVOLUTIONIZES PRODUCTION

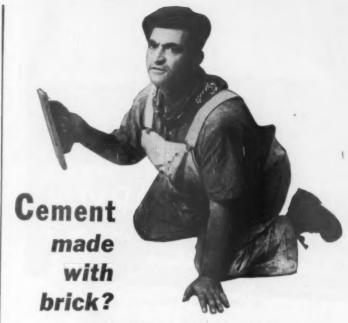
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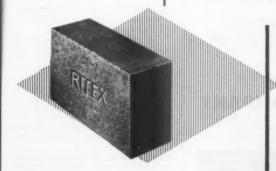
Pasquale's a skeptic!

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from last year. The crop is under last year in the western part of the region as well, but, on the whole, Tennessee, Louisiana, and Mississippi are much better off than the East.

Late August rains helped hay production, but the tonnage is still substantially below last year and the area's requirements. Corn made no recovery at all in August. A quarter to a third of the crop was lost in Georgia and Tennessee, nearly half in Alabama. The superior crop of oats, harvested in advance of the drought, is not enough to offset losses in corn and hay. So feed shortages are in the cards for much of the district. With dried up pastures, and forced sales of cattle, milk production fell off sharply in the district and is staying below last year. · Bright Spots-There are some bright spots. Louisiana's rice crop has reached record size. Mississippi, a newcomer to rice growing, will thresh more than 1million bags—almost half again as much as last year. The sugar cane crop in Louisiana and Florida tops both last year and average. Soybeans fared well in spite of the bad weather, but in some areas farmers are giving up part of the income from this crop and harvesting it as forage to eke out their meager feed supplies.



A BIG PART of the Minneapolis region's business is agriculture—and business is not very good.

and business is not very good.

The region had its drought early, and spring wheat, the big money crop, was the chief casualty. In the Dakotas, the crop is off 28% from average and more than a third from last year's bonanza harvest. Minnesota fared relatively well—its crop was down only 11% from average. Montana managed to exceed the average by virtue of a larger acreage. On the whole, cash income from wheat will be down by as much as a third from last year.

 Feed Shortages—A big remaining hazard is whether feed and forage supplies

and ventilating.

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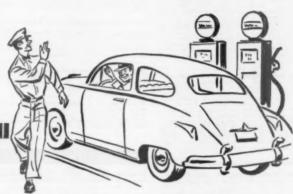
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"SEE YOU AT THE POLLS!"



Nobody knows for sure how it started—this line about "See you at the Polls!" we're hearing all over these days.

Best explanation seems to be that it came from that state candidate out west.... His opponent in a debate got all riled up and challenged him to fight it out in the alley.

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will be enough to carry the region's record livestock inventory. The prospects differ sharply from east to west, ranging from excellent in upper Michigan, northern Wisconsin, and Minnesota to critical shortness in the Dakotas and Montana. In the western area, feed shortages are imminent, may force liquidation of cattle herds.

The eastern bounty in feed and forage has been built up by good corn, oats, and hay crops. Minnesota, particularly, did well with all three. In the Dakotas and northern Wisconsin, farmers had a good year with corn, but the less important Montana crop was almost 40% off average. Oats and hay followed the same pattern; dry weather in the west cut production. And green feed for fall grazing is particularly thin in the west.

Minnesota has an excellent soybean crop. Flaxseed, where this region makes up about 90% of the country's production, will be about 10% below average. With oilseed prices now above last year, the region's soybeans and flaxseed will help build farm income.

· Land Prices Level-After the spectacular postwar rise of land values, the farm land market has been rather slow, except where influenced by oil developments. Again, there is an east-west difference. Land values in the Dakotas have leveled off, and in some areas have declined slightly. In the eastern section, values continue to edge upward, but at a decreasing rate.

· Farmers Cautious-The poor crop outlook, plus the higher price tags of farm operating supplies and equipment, have put farmers in a rather cautious buying mood. Furthermore, a series of good postwar years had encouraged them to buy machinery, equipment, and consumer durables liberally, so they are pretty well caught up. Their purchases of these items during the next few months may be pretty much on a hand to mouth basis.

• Resorts Gain-Resort people in the region are happy. Many of them hit an all-time high this year, with most of them reporting business around 20% higher than in 1951.

• Boom on Oil-Large cities on the periphery of the Williston basin are benefiting substantially from the oil discoveries there. Bismarck and Minot as well as Williston itself in North Dakota, and Glendive and Billings in Montana, are all booming.

The big Osceola copper mine, in Houghton County, Mich., closed since 1931, is being reopened. The mine is full of water and it will take more than a year and a half of pumping before it can be operated. There are now about 2,500 employed at the few mines in this area, and opening of the Osceola will mean employment for 500 more, as well as added milling and smelting

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AFL Abandons Nonpartisan Politics

The interest and involvement of organized labor in politics cannot, in principle, be condemned. Unions have every bit as much right as farm groups, silver miners, business organizations, and others bound by common economic objectives to engage in political activity. With a politically motivated government taking an interest in labor matters so pervasive that it reaches into almost every nook and cranny of our industrial system, it is only natural that unions should be in politics.

But unions use methods different from other groups in making their political influence felt. They exact financial contributions from members whether those members are willing or not; they pledge organizational support for candidates and parties without polling their membership; and they pressure members into registering and voting when some of those members may prefer to exercise their absolute right to sit out any given election. All in all, the union member who ventures to hold a political opinion different from that of his union leader is made to feel he is "a scab at the ballot box," in the language used by one American Federation of Labor official at its convention this week. It is hard to imagine more coercive politicking short of accompanying a voter into the polling booth.

Nonpartisan Until Now

Although this sort of thing has been going on for a good many years, the AFL's official policy up until this week has been "nonpartisan." It was a tradition handed down by the AFL's founder, Sam Gompers. Though it had become utterly meaningless, it had survived many changes in the Federation's thinking since the days of Gompers.

Outworn traditions frequently stay alive until something happens—often a small thing—that gives someone a determination to get them buried. That's exactly what happened to AFL's tradition of nonpartisanship in national elections. Except for the time in 1924 when AFL endorsed the senior La Follette on a third party ticket, it never sponsored a presidential candidate—until Adlai Stevenson.

In actual fact, the tradition has been outworn since 1936. Before then, unions, expressing their position by resolution and financial contributions, and union officers, expressing theirs by giving their names and oratory, were nonpartisan. Maybe bipartisan is the more accurate word, although in addition to the fairly equal Republican-Democrat division, there were a few Socialists, Communists, and maverick party adherents among the unions. Each separate union and union leader applied in his own way the Gompers political maxim: "Reward your friends and punish your enemies."

The Landon-Roosevelt election of 1936 changed all that. Practically every important union and union officer agreed for the first time on just who the friend and who the enemy was. By setting up the ironically titled Labor's Non Partisan League, the CIO made its tie to the Democratic party an official thing. But, in official terms, the AFL has clung to the old tradition.

In each election since 1936, the nonpartisanship of the AFL has been more and more a fiction. But to the men who make AFL policy, that fiction seemed worth preserving—or at any rate not uncomfortable enough to do anything about.

An Important Incident

This summer, George Meany, secretary-treasurer and a prime power in its councils, went to Chicago to appear before the Platform Committee of the Republican Party. He did not expect to get the committee to accept his views, but he did expect to be listened to politely and treated courteously. He left Chicago fuming. His account is that he talked to a group of men who regarded him as an enemy and showed it by being rude and discourteous. Some members of the committee acknowledge that Meany may not have been received in a way appropriate to his dignity and office. But they explain that the committee was behind in its work and more concerned with other matters when Meany appeared.

At any rate, Meany left Chicago determined to show the Republicans an AFL representative wasn't going to submit to being treated the way he felt he had been. He took the leadership in advocating that the AFL square its official position with the facts, that Stevenson be formally endorsed.

There was some opposition, but it was scorned into silence when Sen. Taft had his breakfast conference with Ike in New York. Ike could not possibly have dented the Meany drive by anything he said in his own speech before the AFL, unless he completely deserted Republican principles.

. . . and Its Result

The result is an AFL fully committed to the Democrats. This does not mean, of course, 8-million AFL member votes for Stevenson. Many of those members will vote as Catholics, Negroes, Americans of Italian descent, taxpayers, homeowners, midwesterners, or whatever else they happen to be in addition to being trade unionists.

What one of the two main bodies of organized labor has now done in politics raises several important questions. Is organized labor, in its own terms, smart in involving itself the way it has? Is putting all its eggs in one basket questionable wisdom? What if the basket it has picked is the wrong one? Will not full partisanship in politics without regard to the public weal threaten the very basis of a free economic society—the only kind of society in which the American labor movement can remain free?

Dome Webster

DANIEL WEBSTER on the safety of the nation Nothing will ruin the country if the people themselves will undertake its safety; and nothing can save it if they leave that safety in any hands but their own.

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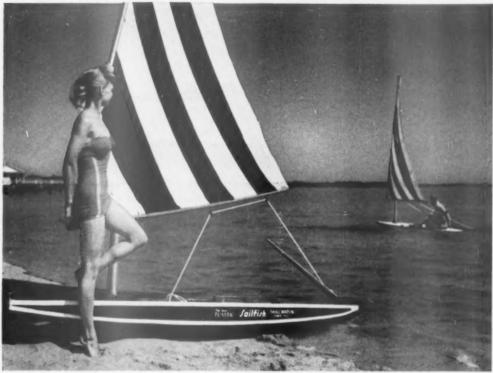
(Speech, U. S. Senate, March, 1834)





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